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ABSTRACT

The complete texts of testimony and statements from the February and March, 1978, Hearings before the Senate Subcommittee on Employment, Poverty, and Migratory Labor regarding the Comprehensive Employment and Training Act (CETA) Amendments of 1978 are presented in this document. (Hearing sites included Grand Rapids and Detroit, Michigan, Madison, Wisconsin, and Washington, D.C.) Individuals giving testimony and statements included representatives of prime sponsors of CETA programs, individuals receiving assistance from CETA programs, manpower experts, and representatives of community-based organizations and administrative agencies at both the state and national levels. (JH)

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COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

OF THE

COMMITTEE ON HUMAN RESOURCES UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

S. 2570

TO AMEND THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973 TO PROVIDE IMPROVED EMPLOYMENT AND TRAINING SERVICES, TO EXTEND THE AUTHORIZATION, AND FOR OTHER PURPOSES

FEBRUARY 16, 1978
GRAND RAPIDS, MICH.

FEBRUARY 17, 1978
DETROIT, MICH.

FEBRUARY 23, MARCH 1, 2, 6, AND 10, 1978
WASHINGTON, D.C.

FEBRUARY 25, 1978
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COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

THURSDAY, FEBRUARY 16, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR
OF THE COMMITTEE ON HUMAN RESOURCES,
Grand Rapids, Mich.

The subcommittee met, pursuant to notice, at 1 p.m. in room 310, Kent County Building, Grand Rapids, Mich., Senator Donald W. Riegle, Jr., presiding pro tempore.

Present: Senator Riegle.

Staff present: Scott K. Ginsburg, and Stephanie Smith, professional staff members.

Senator RIEGLE. This committee meeting will come to order. I am Senator Don Riegle. I serve on the Human Resources Committee in the Senate and on the Subcommittee on Employment, Poverty, and Migratory Labor. This subcommittee and full committee bear the responsibility for a number of legislative areas, one being the area of CETA. As is well known, this is a program of considerable size and importance to the country and to the State of Michigan. We are in the process now of completing an examination of how the CETA program has been working the last few years to approach very soon the task of reauthorizing this legislation, conceivably for as long as a 4-year period, although that is yet to be decided. In any event, in my experience as a Member of the House in the Flint area, in the year that I have been in the Senate, I have had the opportunity to hear a wealth of comments and feelings, observations, criticism, comment of one sort or another on how the CETA program has worked, and I think now we have an opportunity, and the purpose of this hearing today—and I appreciate the witnesses that are here and those that will be appearing as the day goes on—and what we are after is your best sense of how this program has been working, the parts that are strong and need to be kept and perhaps increased in size, where the problems have been, where the problems are, and the constructive changes that need to be made.

One thing about Federal legislation, it has a tendency very often to develop in sort of a patchwork fashion. I think it is safe to say that CETA, which is now a program that is up in the $12 billion a year range, has grown in that fashion. Parts have been added, and nuances have come into the picture, so we end up at this stage of the game with a very large and variated program, but that not necessarily

being what anybody had in mind when we started this, so we have the opportunity now to sit down and take a very careful look at it, to appraise what we have and make some judgments as to how we might make some constructive changes and improvements.

I might just say that I have an opening statement myself for the record which I will include in the record.

OPENING STATEMENT OF SENATOR RIEGLE

The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor today begins the first of 2 days of field hearings in Michigan on the Comprehensive Employment and Training Act—CETA. I serve as a member of the subcommittee. The chairman of the subcommittee, Senator Gaylord Nelson of Wisconsin, has designated me to chair these field hearings.

One of the most severe and pervasive problems confronting the Nation and our State is the continued high rate of unemployment. Overall national unemployment now stands at 6.3 percent, representing over 6 million unemployed workers. However, the percentage of unemployed workers in Michigan is much higher, 8.2 percent.

These figures do not begin to reflect the true picture of the unemployment problem because they do not count the discouraged workers, those who have given up looking for a job, the underrepresented unemployment in rural areas, and they do not indicate the severity of structural unemployment among certain sectors of the labor force, including teenagers, women, and minorities.

What these figures do represent is the failure of our economy to provide job opportunities to individuals in our society who are willing and able to work, who are actively seeking work, but who cannot find jobs. This failure robs our Nation of billions of dollars every year in lost productivity, and causes increased welfare payments, food stamp allotments, and unemployment insurance.

In human terms, unemployment causes disruption and dislocation among families, mental and physical stress, and increases cynicism and the loss of faith of young and old alike in private and public institutions. Unemployment and concomitantly underemployment of workers who could be employed in more productive and higher skilled jobs areas is a tragic waste of this Nation's most precious national resource—its people.

I'm particularly concerned about the high rate of unemployment among young people today. Overall unemployment for all teenagers is now officially at 16 percent, but for minority youth it is double and sometimes treble this amount. There is a growing class of young people in our society who are being denied job opportunities, some of whom never held a job during their lifetimes. This is a political, social, and moral failure that cannot and should not be tolerated.

It is our responsibility as a society to provide job opportunities and training for those who cannot find them on their own. The Comprehensive Employment and Training Act, better known as CETA, represents our national effort to provide many such opportunities. CETA authorizes a variety of employment and training programs to assist unemployed and underemployed individuals increase their skills and job opportunities. Programs authorized under CETA now include:

1. A program of financial assistance to States and certain local governments to plan and operate comprehensive employment and training programs.

2. Public service employment to provide communities with public service that would otherwise not be available.

3. Youth employment programs including the Job Corps, a year-round Young Adult Conservation Corps, and special youth demonstration initiatives.

4. Special national programs focused on employment and training for specific segments of labor force which include migrant and native American programs among others.

The bulk of these programs are operated by prime sponsors. Prime sponsors include the State, units or combination of units of local government which have a population of 100,000 or more, and other program agents which serve native American, migrant, and other groups, which are specifically designated under the legislation. Prime sponsors directly employ CETA participants, but they also are directed and authorized to subcontract operating funds with other nonprofit community based organizations such as community action programs, OIC, Urban League, SER, and the Mainstream older worker programs. CETA thus can be best described as a broad coalition of flexible employment and training programs which are operated by a decentralized group of prime sponsors.

At present there are over 430 prime sponsors nationwide. In Michigan, we have 22 prime sponsors that are units or combination of units of general local government. The State also is designated as a prime sponsor to serve in those areas not covered by other prime sponsors.

These 23 prime sponsors, in combination with the native American and migrant programs, have been and will be responsible for the distribution of some $450 million in CETA programs over an 18-month period ending October 1978.

These various employment and training programs and the vast sum of dollars devoted to them in Michigan and in every other State represent a large part of this Nation's commitment to the needs and problems of the unemployed and underemployed.

Much more needs to be done and should be done, however, and I intend to do whatever I can to see that more of this country's resources are utilized to assist in this important effort.

These field hearings and other hearings that are to be held in other States, as well as in Washington, D.C., in the next few weeks are intended to explore the operation of the programs—to find out which programs work and which ones don't. We will receive testimony from prime sponsors, individuals receiving assistance from CETA programs, manpower experts, representatives of community based organizations and administrative agencies at both the State and national level. It is through this process that the subcommittee will undertake the important task of rewriting and revising the CETA program.

The subcommittee sincerely appreciates the time and effort that each of the witnesses has taken to be here today to share their experience and knowledge on the related issues of employment and the CETA programs.

I am here as a member of the subcommittee, representing the chairman of the subcommittee, Senator Gaylord Nelson of Wisconsin, who has asked me to chair these hearings on his behalf.

Certainly the problem of unemployment is a continuing and a very serious problem in the country and here in the State of Michigan, but the unemployed statistics, as we know, don't always tell the full story because, for example, in the case of people who have become discouraged after a period of seeking jobs give up that search, and, in fact, get dropped out of the statistics, so we no longer count them. But we know across the country today that we have at least something in excess of 6 million people unemployed, and the figure in fact is, I think, very much larger than that, based on the way we total up the numbers.

In any event, it is clearly a top national priority to devise ways and means to get the people who are unemployed and who have the capacity to work trained and into job situations where they can work and where they can be self-sufficient.

We often think in terms of unemployed as dividing between that part which is cyclical and which is related to the economy and which occurs as the economy goes into a downswing versus residual unemployment, other than cyclical unemployment, which is structural unemployment which is quite a different kind. This includes those individuals who for reasons of lack of skill or being in the wrong spot, or because of certain other barriers or impediments in their way—sometimes it is racism, sometimes it is age and other factors—find that they end up not being able to find work regardless of how the national economy looks. So the task of dealing with the structural unemployment place is in some respects very different than it is dealing with those people who otherwise have skills and can move into the job market if the economy is moving along at a fairly rapid rate.

In any event, now in CETA we have developed a variety of types of programs. There are a number of titles in this program which various ones of you will comment on today, which are designed to represent different kinds of situations. One of the questions that we have to assess is the issue of where we want to target. In other words, where do we want to bring our CETA program money and opportunities to bear? Do we want to do it in terms of public service employment opportunities? Do we want to do it in the area where we are coming into essentially structurally unemployed? These are some of the basic trade-offs that we have to consider.

At the present time in Michigan we have about 22 prime sponsors that are units or combinations of units of general local governments—the State also is documented as a prime sponsor—that are actually administering and carrying out a variety of CETA program. These 23, then, prime sponsors here in the State of Michigan will for the 1½ years ending in October of 1978 be spending here in the State roughly $450 million. That is a lot of money. It is nearly half a billion dollars, so the potential for constructive impact in terms of the welfare of the people of the State is enormous. So that is why it is essential, I think, that we very carefully appraise our operating experience to date so we are in a position to make careful judgments as to how we want this program to work in the State.

I might say that after these 2 days of field hearings in Michigan that we will be having also a series of hearings beginning next week and the weeks following in Washington where we will be calling in people who have been involved in the program from across the Nation in the same way to solicit their views and their advice as to how we might make

improvements that would strengthen the program, so your input today is really essential to us in terms of giving us the opportunity to weigh the experience here in Michigan.

Our purpose in coming is to want to reflect now as carefully as we can and as fully as we can on exactly what has taken place here. How has the program worked well? Where has it fallen short? And how can we make judgments which are sound and well advised?

[Text of S. 2570 follows:]

31-279 O - 78 - 2

95TH CONGRESS
2D SESSION

S. 2570

IN THE SENATE OF THE UNITED STATES

FEBRUARY 23 (legislative day, FEBRUARY 6), 1978

Mr. NELSON (for himself, Mr. WILLIAMS, Mr. JAVITS, Mr. HATHAWAY, Mr. RIEGLE, Mr. KENNEDY, and Mr. CRANSTON) introduced the following bill; which was read twice and referred to the Committee on Human Resources

A BILL

To amend the Comprehensive Employment and Training Act of 1973 to provide improved employment and training services, to extend the authorization, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Employment and Training Amendments of 1978".

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT REAUTHORIZATION

SEC. 2. The Comprehensive Employment and Training Act of 1973 is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act, with the following table of contents, may be cited as the "Comprehensive Employment and Training Act".

"TABLE OF CONTENTS

"Sec. 1. Short title.
"Sec. 2. Statement of purpose.

"TITLE I—ADMINISTRATIVE PROVISIONS

"Part A—Organizational Provisions

"Sec. 101. Prime sponsors.
"Sec. 102. Authority of Secretary to provide services.
"Sec. 103. Comprehensive employment and training plan.
"Sec. 104. Review of plans.
"Sec. 105. Governor's coordination and special services plan.
"Sec. 106. Complaints and sanctions.
"Sec. 107. Judicial review.
"Sec. 108. Reallocation.
"Sec. 109. Prime sponsor's planning council.
"Sec. 110. State employment and training council.
"Sec. 111. Consultation.
"Sec. 112. Authorization of appropriations.

"Part B—General Provisions

"Sec. 121. Conditions applicable to all programs.
"Sec. 122. Special conditions applicable to public service employment.
"Sec. 123. Special provisions.
"Sec. 124. Wages and allowances.
"Sec. 125. Labor standards.
"Sec. 126. Definitions.
"Sec. 127. Secretary's authority.
"Sec. 128. Reports.
"Sec. 129. Services and property.
"Sec. 130. Utilization of services and facilities.
"Sec. 131. Interstate agreements.
"Sec. 132. Prohibition against political activities.
"Sec. 133. Nondiscrimination.
"Sec. 134. Records, audits, and reports.
"Sec. 135. Criminal provisions.

"TITLE II—COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES

"Part A—Financial Assistance Provisions

"Sec. 201. Purpose of program.
"Sec. 202. Allocation of funds.
"Sec. 203. Conditions for receipt of financial assistance.
"Sec. 204. Supplemental vocational education assistance.
"Sec. 205. Job search assistance.

"TABLE OF CONTENTS—Continued

"TITLE II—COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES—Continued

"Part B—Services for the Economically Disadvantaged

"Sec. 211. Description of program.
"Sec. 212. Limitations on use of funds.
"Sec. 213. Eligibility for participation.

"Part C—Upgrading and Retraining

"Sec. 221.

"TITLE III—SPECIAL FEDERAL RESPONSIBILITIES

"Part A—Special National Programs and Activities

"Sec. 301. Special programs and activities.
"Sec. 302. Employment and training programs for Indians and other Native Americans.
"Sec. 303. Migrants and seasonal farmworker employment and training programs.
"Sec. 304. Programs for persons with limited English-speaking ability.
"Sec. 305. Job search and relocation assistance.
"Sec. 306. Veterans outreach and information.

"Part B—Research, Training, and Evaluation

"Sec. 311. Research.
"Sec. 312. Labor market information and job bank program.
"Sec. 313. Evaluation.
"Sec. 314. Training and technical assistance.

"TITLE IV—YOUTH PROGRAMS

"Sec. 400. Intent.
"Sec. 401. General provisions.

"Part A—Youth Employment Demonstration Programs

"Sec. 411. Report.
"Sec. 412. Distribution of funds.
"Sec. 413. Wage provisions.
"Sec. 414. Special condition.
"Sec. 415. Special provisions for subparts 2 and 3.
"Sec. 416. Academic credit, education credit, counseling and placement services, and basic skills development.

"Subpart 1—Youth Incentive Entitlement Pilot Projects

"Sec. 420. Entitlement pilot projects authorized.
"Sec. 421. Employment guarantees.
"Sec. 422. Selecting prime sponsors.
"Sec. 423. Special provision.
"Sec. 424. Report.

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"TITLE IV—YOUTH PROGRAMS—Continued

'Part A—Youth Employment Demonstration Programs—Continued

"Subpart 2—Youth Community Conservation and Improvement Projects

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"Sec. 426. Definitions.
"Sec. 427. Allocation of funds.
"Sec. 428. Community conservation and improvement youth employment projects.
"Sec. 429. Project applications.
"Sec. 430. Proposed program supplements.
"Sec. 431. Approval of program supplements.
"Sec. 432. Work limitation.

"Subpart 3—Youth Employment and Training Programs

"Sec. 433. Statement of purpose.
"Sec. 434. Programs authorized.
"Sec. 435. Allocation of funds.
"Sec. 436. Prime sponsors.
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"Part B—Job Corps

"Sec. 450. Statement of purpose.
"Sec. 451. Establishment of the Job Corps.
"Sec. 452. Individuals eligible for the Job Corps.
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"Sec. 454. Screening and selection—special limitations.
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"Sec. 461. Counseling and job placement.
"Sec. 462. Experimental and developmental projects.
"Sec. 463. Advisory boards apd committees.
"Sec. 464. Participation of the States.
"Sec. 465. Application of provisions of Federal law.
"Sec. 466. Special provisions.
"Sec. 467. General provisions.
"Sec. 468. Fiscal provision.

"Part C—Summer Youth Program

"Sec. 480. Establishment of program
"Sec. 481. Prime sponsors.
"Sec. 482. Financial assistance.
"Sec. 483. Secretarial authority.

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"TITLE V—NATIONAL COMMISSION FOR EMPLOYMENT AND TRAINING POLICY

"Sec. 501. Statement of purpose.
"Sec. 502. Commission established.
"Sec. 503. Functions of the Commission.
"Sec. 504. Reports.

"TITLE VI—PUBLIC SERVICE EMPLOYMENT PROGRAM

"Sec. 601. Statement of purpose.
"Sec. 602. Authorization.
"Sec. 603. Financial assistance.
"Sec. 604. Allocation of funds.
"Sec. 605. Expenditure of funds.
"Sec. 606. Prime sponsors.
"Sec. 607. Eligibility.
"Sec. 608. Wage supplementation.
"Sec. 609. Utilization of funds.

"TITLE VII—PRIVATE SECTOR OPPORTUNITIES FOR THE ECONOMICALLY DISADVANTAGED

"Sec. 701. Statement of purpose.
"Sec. 702. Private sector initiatives.
"Sec. 703. Financial assistance.
"Sec. 704. Private industry councils.
"Sec. 705. Private sector program.
"Sec. 706. Program activities.

"TITLE VIII—YOUNG CONSERVATION CORPS

"Sec. 801. Statement of purpose.
"Sec. 802. Establishment of Young Adult Conservation Corps.
"Sec. 803. Selection of enrollees.
"Sec. 804. Activities of the Corps.
"Sec. 805. Conditions applicable to Corps enrollees.
"Sec. 806. State and local programs.
"Sec. 807. Secretarial reports.
"Sec. 808. Antidiscrimination.
"Sec. 809. Transfer of funds.
"Sec. 810. Authorization of appropriations.

"STATEMENT OF PURPOSE

"SEC. 2. It is the purpose of this Act to provide job training and employment opportunities for economically disadvantaged persons, unemployed or underemployed persons which will result in an increase in their earned income,

and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible, coordinated and decentralized system of Federal, State, and local programs. It is further the purpose of this Act to provide for the maximum feasible coordination of plans, programs, and activities under this Act with economic development, community development and related activities such as vocational education, vocational rehabilitation, and social service programs.

"TITLE I—ADMINISTRATIVE PROVISIONS

"Part A—Organizational Provisions

"PRIME SPONSORS

"SEC. 101. (a) The Secretary may make financial assistance available to a prime sponsor to enable it to carry out all or a substantial part of a comprehensive employment and training plan. Except as otherwise provided in the Act, a prime sponsor shall be—

"(1) a State;

"(2) a unit of general local government which has a population of one hundred thousand or more persons on the basis of the most satisfactory current data available to the Secretary;

"(3) any consortium of units of general local government which includes any unit of general local government qualifying under paragraph (2) of this subsection;

"(4) any unit of general local government or any consortium of such units, without regard to population, which, in exceptional circumstances, and after consultation with appropriate State and local officials, is determined by the Secretary—

"(A) (i) to serve a substantial portion of a functioning labor market area, or (ii) to be a rural area having a high level of unemployment; and

"(B) to have demonstrated (i) that it has the capability for adequately carrying out programs under this Act, (ii) that there is a special need for services within the area to be served, and (iii) that it will carry out such programs and services in such area as effectively as any larger unit of general local government in which it is located or as the State;

"(5) a limited number of existing concentrated employment program grantees serving rural areas having a high level of unemployment which the Secretary determines have special capabilities for carrying out programs in such areas and are designated by the Secretary for that purpose.

"(b) (1) A State shall not qualify as a prime sponsor for any geographical area within the jurisdiction of any prime sponsor described in pargraph (2), (3), (4), or (5) of subsection (a) unless such prime sponsor has not

submitted an approvable comprehensive employment and training plan for such area.

"(2) A larger unit of general local government shall not qualify as a prime sponsor with respect to the jurisdiction within its area of any smaller unit of general local government eligible under paragraph (2) of subsection (a) of this section unless such smaller unit has not submitted an approvable comprehensive employment and training plan for such area.

"(c) An applicant must submit to the Secretary a notice of intent to be a prime sponsor for a fiscal year by such date as the Secretary shall prescribe. The Secretary shall designate as prime sponsors those which qualify under this section.

"(d) State prime sponsors shall make appropriate arrangements for appropriate area planning bodies to serve subareas within the State prime sponsor's area for the purpose of assisting in the effective planning and delivery of comprehensive employment and training programs in such subareas, in accordance with such regulations as the Secretary may prescribe.

"AUTHORITY OF SECRETARY TO PROVIDE SERVICES

"SEC. 102. In any area for which no prime sponsor has been designated under section 101(c), or where the Secretary has taken an action under section 104(c) or sec-

tion 106 which results in employment and training services not being provided in such area, the Secretary shall use funds allocated to such prime sponsor to make payments directly to public agencies or private nonprofit organizations as if the Secretary were the prime sponsor for that area.

"COMPREHENSIVE EMPLOYMENT AND TRAINING PLAN

"SEC. 103. (a) In order to receive financial assistance under this Act, a prime sponsor designated under section 101 (c) shall submit to the Secretary a comprehensive employment and training plan. Such plan shall consist of—

"(1) a prime sponsor agreement;

"(2) an annual title II program supplement;

"(3) annual individual program supplements for programs under other titles of the Act under which the prime sponsor desires to receive financial assistance; and

"(4) assurances that the prime sponsor will comply with the provisions of the Act, the regulations of the Secretary, and the plan.

"(b) (1) THE PRIME SPONSOR AGREEMENT.—The prime sponsor agreement shall serve as the basic long-term agreement between the prime sponsor and the Secretary and shall be submitted only once by each prime sponsor, except for necessary modifications. Such agreement shall contain the following descriptions—

"(A) the geographic area to be served and the economic conditions of the area;

"(B) methods for recruiting and selecting participants;

"(C) placement procedures;

"(D) methods and criteria to be used in the selection of the deliverers of services (including community based organizations) and procedures to be taken to assure that delivery of such services shall be under the general supervision of the prime sponsor;

"(E) the role of the planning council;

"(F) procedures to assure nondiscrimination and equal employment opportunities; and

"(G) such other information as the Secretary requires by regulation.

"(2) The prime sponsor agreement shall also contain—

"(A) a copy of any joint agreement between the prime sponsor and the State employment security agency for carrying out job search assistance and payment of allowances under this Act; or

"(B) if no such joint agreement has been reached, the prime sponsor's proposed arrangements for carrying out any or all such functions through the State employment security agency, other public agencies, private non-

profit organizations (including community based organizations), or directly.

"(c) THE TITLE II PROGRAM SUPPLEMENT.—The title II program supplement shall describe the prime sponsor's program plans for the fiscal year and shall include a description of the following—

"(1) the services to be provided, the performance and placement goals, and the relationship of such goals to the Secretary's performance standards;

"(2) a summary of the anticipated services to be provided for the two subsequent fiscal years;

"(3) the participation of community based organizations in the development of this program supplement;

"(4) the eligible population and the staff identified by race, sex, national origin, and age, and the proposed activities and services for participants from these significant segments of the eligible population;

"(5) data on, and efforts to encourage the participation of, disabled and Vietnam-era veterans;

"(6) efforts to assure services will be provided to these most in need of them, including economically disadvantaged persons and persons of limited English-speaking ability;

"(7) job opportunities in the area;

"(8) employment and training services and facilities available from Federal, State and local agencies, and private nonprofit organizations which have demonstrated effectiveness in providing employment and training services;

"(9) programs to orient and prepare the participants for their job responsibilities;

"(10) efforts to be undertaken to involve the private sector;

"(11) the intended coordination of activities under this title with economic development, community development and related activities such as vocational education, vocational rehabilitation, and social service programs; and

"(12) such other information as the Secretary requires by regulation.

"(d) PUBLIC SERVICE EMPLOYMENT PROGRAM SUPPLEMENTS.—Prime sponsors designated under section 101 (c) which are applying for financial assistance to conduct public service employment programs under any title of this Act shall submit a program supplement, which shall describe the prime sponsor's public service employment plans for the fiscal year and shall include a description of the following—

"(1) actions to insure compliance with personnel procedures and collective-bargaining agreements;

"(2) efforts to remove artificial barriers to employment;

"(3) the specific steps to provide special consideration to eligible disabled and Vietnam-era veterans;

"(4) public service needs;

"(5) the types of jobs in each employing agency, including State and local governments and local educational agencies, and an explanation of how these jobs relate to public service needs;

"(6) wage rates;

"(7) how the public service employment program is integrated with other activities and services, including education, training, and supportive services;

"(8) the procedures for funding and job allocations to assure an equitable distribution of such jobs among units and agencies of government in the local area;

"(9) the eligible population and the staff identified by race, sex, national origin, and age, and the proposed employment opportunities for participants for participants from these significant segments of the eligible population; and

"(10) such other information as the Secretary requires by regulation.

"(e) OTHER PROGRAM SUPPLEMENTS.—Prime spon-

sors designated under section 101(c) applying for financial assistance under any other title of this Act shall submit individual program supplements in conformance with the requirements of such title and the regulations of the Secretary.

"(f) Prime sponsors designated under section 101(c) shall utilize the planning councils established under this title for the development of, review of, and comment on their plans.

"(g)(1) A Native American entity designated as a prime sponsor pursuant to section 302(c)(1), and an agency or organization designated to run a program pursuant to section 303, shall submit to the Secretary a comprehensive employment and training plan consisting of—

"(A) a program agreement;

"(B) an annual section 302 or 303 program supplement, as appropriate;

"(C) individual program supplements for programs under other titles of the Act under which financial assistance is desired; and

"(D) assurances that it will comply with the provisions of the Act and the regulations of the Secretary.

"(2) Such plans shall meet such standards as the Secretary requires by regulation.

"REVIEW OF COMPREHENSIVE EMPLOYMENT AND TRAINING PLANS

"SEC. 104. (a) Each prime sponsor designated pursuant to section 101 (c) shall, at least forty-five days before submitting its comprehensive employment and training plan to the Secretary—

"(1) transmit such plan, in order to allow at least thirty days of review and comment, to—

"(A) the Governor;

"(B) the State employment and training council;

"(C) the prime sponsor planning council;

"(D) appropriate units of general local government in its area; and

"(E) labor organizations in the area which represent employees engaged in work similar to that proposed to be funded;

"(2) make such plan available to—

"(A) appropriate community based organizations of demonstrated effectiveness in serving significant segments of the eligible population; and

"(B) the general public through such means as public hearings, newspapers, bulletins, and other

media, including publications that primarily serve significant segments of the eligible population.

"(b) The prime sponsor shall consider any comments or recommendations, provide reasons for rejecting any of the Governor's or State employment and training council's recommendations, and transmit to the Governor, the State employment and training council, and the Secretary copies of the comments, recommendations, and reasons for rejection.

"(c) The Secretary shall review each comprehensive employment and training plan to determine whether it is complete, whether it meets the requirements of the Act and the regulations promulgated under the Act and other applicable law, and whether, taking into account such factors as past performance and the recommendations made by the Governor and the State employment and training council, it is adequately designed to carry out an effective and well-administered program. The Secretary shall require the prime sponsor to take such action as the Secretary deems necessary to bring its plan and programs into conformance with the Act and the regulations or to improve the administration and effectiveness of its programs.

"(d) (1) The Secretary shall disapprove any plan that does not fully satisfy the review under subsection (c), provided a reasonable opportunity, but not less than thirty

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days, has been given to the prime sponsor to remedy any defect found in the plan and the prime sponsor has failed to do so.

"(2) When a plan is disapproved, a notice of disapproval shall be transmitted to the prime sponsor and the Governor, accompanied by a statement of the reasons for the disapproval. Such disapproval shall not be effective, however, until opportunity for a hearing has been provided.

"GOVERNOR'S COORDINATION AND SPECIAL SERVICES PLAN

"SEC. 105. (a) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan to the Secretary.

"(b) Governor's coordination and special services activities shall consist of, but need not be limited to, the following—

"(1) coordinating all employment and training and related services provided by the State, by prime sponsors, and by other providers of such services within the State;

"(2) coordinating programs financed under the Wagner-Peyser Act and this Act including assisting in the negotiation of any agreements between prime sponsors and State employment security agencies;

"(3) assuring that comprehensive employment and

training plans do not unnecessarily result in the duplication of services;

"(4) assisting the Secretary in enforcing the requirements for Federal contractors and subcontractors to list all suitable employment openings with local offices of the State employment service agencies and to take affirmative action, as required in section 2012(a) of title 38, United States Code;

"(5) assuring the promotion of prime sponsor planning that takes into account conditions prevailing in labor market areas covering more than one prime sponsor area, as well as related activities such as community development, economic development, and related activities such as vocational education, vocational rehabilitation, and social services;

"(6) exchanging of information between States and prime sponsors with respect to State, intrastate, and regional planning for economic development, human resource development, education, and other subjects relevant to employment and training planning;

"(7) developing and providing to prime sponsors information on a State and local area basis regarding economic, industrial, and labor market conditions;

"(8) making available to prime sponsors, with or without reimbursement and upon request, appropriate

information and technical assistance to assist them in developing and implementing their programs;

"(9) carrying out special model training and employment programs and related services, which may include programs for offenders similar to programs described in section 301(b); and

"(10) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas.

"(c) A Governor's coordination and special services plan shall be approved by the Secretary only if the Secretary determines that the plan satisfactorily implements subsection (b) of this section, and has been reviewed by the State employment and training council.

"COMPLAINTS AND SANCTIONS

"SEC. 106. (a) Each recipient of financial assistance under the Act shall establish and maintain a grievance procedure, including provision for hearings, for handling complaints about the program arising from its participants, subgrantees, and contractors, and other interested persons.

"(b) Whenever the Secretary receives a complaint from any interested person or organization (which has exhausted the prime sponsor's grievance system established pursuant to subsection (a)) which alleges, or whenever the

Secretary has reason to believe (because of an audit, report, on-site review or otherwise) that a recipient of financial assistance under the Act is failing to comply with the requirements of the Act, the regulations under the Act, or the terms of the comprehensive employment and training plan, the Secretary shall investigate the matter.

"(c) The Secretary may revoke a prime sponsor's comprehensive employment and training plan, including the prime sponsor agreement, and terminate financial assistance thereunder, provided that prior notice and opportunity for a hearing is given, if the Secretary concludes that the prime sponsor is—

"(1) maintaining a pattern or practice of discrimination in violation of section 133, or otherwise failing to make opportunities available equitably among the significant segments of the population in the area it serves;

"(2) incurring unreasonable administrative costs in the conduct of activities and programs, as determined pursuant to the Secretary's regulations;

"(3) failing to give due consideration to continued funding of programs of demonstrated effectiveness; or

"(4) otherwise materially failing to carry out the purposes and provisions of this Act or the regulations promulgated under it.

"(d) In emergency situations, as determined by the Secretary, when it is necessary to protect the integrity of the program or funds, the Secretary may immediately terminate or suspend financial assistance in whole or in part provided that notice and opportunity for a subsequent hearing are immediately thereafter given to the recipient.

"(e) If the Secretary concludes that any recipient of funds under the Act is failing to comply with any provision of the Act or the regulations under the Act, the Secretary may terminate or suspend financial assistance in whole or in part or order such sanctions or corrective actions as are appropriate including, but not limited to, the repayment of misspent funds, provided prior notice and an opportunity for a hearing are given to the recipient.

"(f) If the Secretary concludes that any recipient under this Act has discriminated against a participant, or against any person in connection with the administration of the program, or has otherwise unlawfully denied to any person a benefit to which that person is entitled under the provisions of this Act or the Secretary's regulations, the Secretary may take such action or order such corrective action as is necessary with respect to both the recipient and the person who was wronged.

"JUDICIAL REVIEW

"SEC. 107. (a) If any prime sponsor is dissatisfied with

the Secretary's final action with respect to the disapproval of its comprehensive employment and training plan under section 104 or with the Secretary's final action with respect to a sanction under section 106, such prime sponsor may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the prime sponsor is located a petition for review of that action.

"(b) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may, in whole or in part, set aside the findings of the Secretary or remand the case to the Secretary in whole or in part to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify the previous action, and shall certify to the court the record of the further proceedings.

"REALLOCATION

"SEC. 108. (a) The Secretary is authorized to reallocate any amount of any allocation under this Act to the extent that the Secretary determines that the recipient will not be able to use such amount within a reasonable period of time.

"(b) (1) Any allocations to a prime sponsor designated under section 101 (c) may be reallocated only if the Secretary has provided thirty days advance notice to the prime

sponsor, to the Governor, and to the general public during which time comments may be submitted to the Secretary.

"(2) After considering any comments submitted during such time, the Secretary shall notify the Governor and the affected prime sponsor of any decision to reallocate funds, and shall publish such decision in the Federal Register.

"(3) In reallocating any such funds, the Secretary shall give priority first to other prime sponsor areas within the same State and then to prime sponsor areas within other States.

"PRIME SPONSOR'S PLANNING COUNCIL

"SEC. 109. (a) Each prime sponsor designated under section 101(c) shall establish a planning council.

"(b) Such council shall consist of members who are representative of the eligible population (including significant segments thereof), community-based organizations, the employment service, veterans organizations, vocational education agencies, other education and training agencies and institutions, business, labor, and, where appropriate, agricultural employers and workers.

"(c) The prime sponsor shall appoint the members of the council, designate a public member as chairperson and provide an independent professional, technical and clerical staff accountable solely to the council.

"(d) The planning council shall meet no less than four times per year. The meetings shall be publicly announced, and, to the extent appropriate, open to and accessible to the general public.

"(e) The council shall participate in the development of and submit recommendations regarding the prime sponsor's comprehensive employment and training plan and the basic goals, policies, and procedures of the prime sponsor's programs and other employment and training programs in the prime sponsor's area; monitor, and provide for objective evaluations of, employment and training programs conducted in such area; and provide for continuing analyses of the need for employment, training, and related services in such area. Any final decision with respect to such recommendations shall be made by the prime sponsor.

"STATE EMPLOYMENT AND TRAINING COUNCIL

"SEC. 110. (a) (1) Any State which desires to receive financial assistance under this Act shall establish a State employment and training council. Funding for the council shall be provided pursuant to section 202 (c).

"(2) The council shall be appointed by the Governor, who shall designate one public member thereof to be chairperson. The Governor shall provide an independent professional, technical and clerical staff accountable solely to the council.

"(3) The council shall be composed of—

"(A) representatives of the units or combinations of units of general local government in such State, including those which are prime sponsors; who together shall comprise at least one-quarter of the membership of the council and shall be nominated by the chief executive officers of the units or combination of units of general local government in accordance with procedures agreed upon by such chief executive officers;

"(B) representatives of organized labor, business, and agricultural employers and workers, who together shall comprise one-quarter of the membership of the council;

"(C) representatives of the eligible population (including significant segments thereof) and the general public, who together shall comprise one-quarter of the membership of the council;

"(D) representatives of service deliverers, who together shall comprise not more than one-quarter of the membership of the council, including at least—

"(i) one representative each of the State board of vocational education and the public employment service of such State;

"(ii) one representative of the State Advisory Council on Vocational Education created pursuant to

section 105 of the Vocational Education Act of 1963;

"(iii) one representative of each such other State agency as the Governor may determine to have a direct interest in overall employment and training and human resource utilization within the State:

"(iv) representatives of community based organizations; and

"(v) representatives of veterans organizations.

"(4) The council shall meet at such times (but at least four times each year) and in such places as it deems necessary. The meetings shall be publicly announced, and, to the extent appropriate, open and accessible to the general public.

"(b) The council shall—

"(1) review continuously the operation of programs conducted by each prime sponsor, and the availability, responsiveness and adequacy of State services, and make recommendations to the prime sponsors, to agencies providing employment and training services, to the Governor and to the general public with respect to ways to improve the effectiveness of such programs or services;

"(2) make an annual report to the Governor which shall be a public document, and issue such other studies, reports, or documents as it deems advisable to assist

prime sponsors or to otherwise help carry out the purposes of this Act;

"(3) (A) identify, in coordination with the State Advisory Council on Vocational Education, the employment and training and vocational education needs of the State and assess the extent to which employment, training, vocational education, vocational rehabilitation, and other programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs; and (B) comment at least once annually on the reports of the State Advisory Council on Vocational Education, which comments shall be included in the annual report submitted by that Council pursuant to section 105 of the Vocational Education Act of 1963;

"(4) review the comprehensive employment and training plans of prime sponsors pursuant to section 104, especially with respect to nonutilization or duplication of existing services; and

"(5) review plans of all State agencies providing employment, training, and related services, and provide comments and recommendations to the Governor, the State agency and the appropriate Federal agency on the relevancy and effectiveness of employment and training and related service delivery systems in the State.

"CONSULTATION

"SEC. 111. (a) The Secretary of Labor shall consult with the Secretary of Health, Education, and Welfare, with respect to arrangements for services of a health, education, or welfare character under this Act, and the Secretary of Health, Education, and Welfare shall solicit the advice and comments of appropriate State agencies with respect to health education and welfare services. Such services include but are not limited to basic or general education; educational programs conducted for offenders; institutional training; health care, child care, and other supportive services; and new careers and job restructuring in the health, education, and welfare professions.

"(b) The Secretary of Labor, in carrying out or supporting programs under this Act, shall consult, as appropriate with the Secretary of Commerce, the Secretary of Housing and Urban Development, the Secretary of Agriculture, the Director of the ACTION Agency, the Director of the Community Services Administration, the Administrator of Veterans Affairs, and such other agencies as appropriate.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 112. (a) There are authorized to be appropriated such sums as may be necessary for the fiscal year ending June 30, 1974, and for each of the eight succeeding fiscal years for carrying out the provisions of this Act.

"(b) Notwithstanding any other provision of law, unless enacted in specific limitation of the provisions of this subsection, any funds appropriated to carry out this Act, which are not obligated prior to the end of the fiscal year for which such funds were appropriated, shall remain available for obligation during the succeeding fiscal year, and any funds obligated in any fiscal year may be expended during a period of three years from the date of obligation.

"(c) (1) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are first available for obligation.

"(2) In order to effect a transition to the advance funding method of timing appropriation action, the provisions of this subsection shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"(d) Of the amount appropriated to carry out this Act for any fiscal year, not more than 20 per centum of such amount (excluding any amount made available for carrying out title VI) shall be available for carrying out the provisions of title III.

"Part B—General Provisions

"CONDITIONS APPLICABLE TO ALL PROGRAMS

"SEC. 121. Except as otherwise provided, the following conditions are applicable to all programs under the Act.

"(a) No person with responsibilities in the operation of any program shall exclude from participation in, deny the benefits of, subject to discrimination under, or deny employment in the administration of or in connection with any such program to any person because of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief.

"(b) Participants shall not be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship.

"(c) Conditions of employment and training shall be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant.

"(d) Every participant, prior to entering upon employment or training, shall be informed of that individual's rights and benefits in connection with such employment or training; acceptance of family planning services shall be voluntary on the part of the individual, and shall not be a prerequisite to eligibility for, or receipt of, any benefit under the program.

"(e) Appropriate health, safety and other standards for work and training shall be established and maintained.

"(f) Appropriate workers' compensation or equivalent protection shall be provided to all participants.

"(g) All persons participating in training under this Act shall receive allowances pursuant to section 124; except as provided by the Secretary, no allowances shall be paid from funds under this Act to any participant for any week of institutional or classroom training in excess of one hundred four weeks if the participant had received allowances for institutional or classroom training under this Act for one hundred four weeks in the preceding five years.

"(h) (1) The program shall result in an increase in employment and training opportunities over those opportunities which would otherwise be available.

"(2) No currently employed worker shall be displaced by any participant (including partial displacement such as a reduction in the hours of nonovertime work, wages or employment benefits).

"(3) No program shall impair existing contracts for services.

"(4) No funds shall be used to assist in relocating establishments, or parts thereof, from one area to another or locating new branches, subsidiaries, or affiliates unless the

Secretary determines that such relocation or location will not result in an increase in unemployment in the area of original location or in any other area.

"(i) (1) All programs, to the maximum extent feasible, shall contribute to occupational development, upward mobility, development of new careers, or overcoming sex-stereotyping.

"(2) No person shall be referred for training in an occupation which requires less than two weeks of preemployment training unless there are immediate employment opportunities available in that occupation.

"(3) All programs shall be designed, to the maximum extent practicable, consistent with every individual's fullest capabilities, to lead to employment opportunities enabling participants to increase their earned income and to become economically self-sufficient.

"(4) No person shall be referred for training unless there is a reasonable expectation of employment in the occupation for which such person is being trained.

"(5) Programs of institutional training shall be designed for occupations in which skill shortages exist.

"(j) (1) No program shall substitute funds under this Act for other funds in connection with work that would otherwise be performed.

"(2) Jobs shall be created that are in addition to those

that would be funded in the absence of assistance under this Act.

"(3) To the extent practicable, funds shall be used to supplement, and not to supplant, the level of funds that would otherwise be made available from non-Federal sources for the planning and administration of programs.

"(k) Programs shall use services and facilities available (with or without reimbursement) from Federal, State, and local agencies to the extent they are effective.

"(l) No nongovernmental individual, institution, or organization shall evaluate any program under this Act if such individual, institution, or organization is associated with that program as a consultant, technical advisor or in any similar capacity.

"(m) No member of any council under this Act shall cast a vote on any matter which has a direct bearing on services to be provided by that member (or any organization which that member directly represents).

"(n) Work experience programs conducted under this Act shall not exceed a total of one thousand hours for any individual, except in-school youth, in any twelve-month period. Work experience shall only be for persons who need assistance in becoming accustomed to basic work requirements, including basic work skills, in order to be able to compete successfully in the labor market.

"(o) No funds shall be used for contributions on behalf of any participant to a State and local retirement fund unless such benefits accrue to the credit of the participant.

"(p) Small and minority-owned businesses shall be provided maximum reasonable opportunity to compete for contracts for supplies and services including, where appropriate, the use of set-asides.

"(g) Household support obligations shall be taken into account, and special consideration shall be given to alternative working arrangements such as flexible hours of work, work-sharing arrangements, and part-time jobs, particularly for parents of young children and for older persons.

"(r) Suitable arrangements shall be made to provide job search assistance to appropriate participants consistent with section 205.

"(s) Employment and training opportunities for participants, shall be made available by prime sponsors on an equitable basis in accordance with the purposes of this Act among significant segments of the eligible population giving consideration to the relative numbers of eligible persons in each such segment.

"(t) In the administration of programs under this Act, members of the eligible population to be served shall be provided maximum employment opportunities, including op-

portunities for further occupational training and career advancement. Prime sponsors shall make special efforts to recruit and hire qualified persons reflecting the significant demographic segments of the population residing in the area.

"(u) (1) Special consideration shall be given to eligible disabled and Vietnam-era veterans in accordance with procedures established by the Secretary, and special emphasis shall be given to the development of jobs which will utilize, to the maximum extent feasible, the skills which such veterans acquired in connection with their military training and service.

"(2) Special efforts shall be made to acquaint such veterans with the employment and training available under this Act, and to coordinate efforts in behalf of such veterans with those activities authorized by chapter 41 of title 38, United States Code (relating to job counseling and employment services for veterans), and other similar activities carried out by other public agencies or organizations.

"(3) Prime sponsors shall provide such arrangements as may be appropriate to promote maximum feasible use of apprenticeship or other on-the-job training opportunities available under section 1787 of title 38, United States Code.

"(v) Programs shall contribute, to the maximum extent feasible, to the elimination of artificial barriers to employment and occupational advancement.

"(w) Prime sponsors shall make efforts to remove architectural barriers to employment.

"(x) Programs shall meet such other conditions as the Secretary by regulation may require.

"SPECIAL CONDITIONS APPLICABLE TO PUBLIC SERVICE EMPLOYMENT

"SEC. 122. Except as otherwise provided, the following conditions shall apply to all public service employment programs receiving financial assistance under this Act:

"(a) Transitional entry level public service employment shall be provided which, to the extent feasible, enables the participants to move into public or private employment or training not supported under this Act.

"(b) Only persons residing within the area qualifying for assistance shall be employed, and the public services provided by such jobs, to the extent feasible, shall be designed to benefit the residents of such areas.

"(c) (1) An individual shall not be employed in a public service job under this Act unless such person has been unemployed for at least five weeks prior to employment in such position.

"(2) Special consideration in filling public service jobs shall be given to eligible persons who are the most severely disadvantaged in terms of their length of unemployment and their prospects for finding employment.

"(d) No person shall be hired or job opening filled (1) when any other person not supported under this Act is on layoff from the same or any substantially equivalent job, or (2) when the employer has terminated the employment of any regular employee not supported under this Act with the intention of filling the vacancy so created by hiring a public service employee.

"(e) No jobs shall be created in a promotional line that will infringe in any way upon the promotional opportunities of persons currently employed in jobs not subsidized under this Act.

"(f) No public service jobs shall be substituted for existing federally assisted jobs.

"(g) Prime sponsors shall analyze and reevaluate job descriptions to remove artificial barriers to the public service employment of participants, and, where necessary, revise qualification requirements, including civil service requirements and practices relating thereto.

"(h) Financial records relating to public service employment programs, and records of the names, addresses,

positions, and salaries of all persons employed in public service jobs, shall be maintained and made available to the public.

"(i) (1) All persons participating in public service employment shall receive wages in accordance with section 124.

"(2) No wages shall be paid from funds under this Act to any participant for any week of public service employment in excess of seventy-eight weeks if the participant had received public service employment wages under this Act for seventy-eight weeks in the preceding five years.

"(3) For purposes of subparagraph (2), no more than twenty-six weeks of public service employment financed in whole or in part under this Act prior to October 1, 1978 shall be considered as part of the seventy-eight weeks.

"(4) The Secretary may waive the provisions of paragraph (2) to provide a temporary extension of time for a limited number of persons who were originally hired in a public service employment program prior to April 1, 1978, and who continue to be so employed on September 30, 1979, in the case of a prime sponsor which the Secretary determines has faced unusually severe hardships in its efforts to transition public service employees into regular public or private employment not supported under this Act.

"(j) (1) Funds under this Act shall not be used to pay wages to any person employed in a public service job under this Act at a rate in excess of $10,000 per year.

"(2) In order to provide the number of public service job opportunities for which funds are made available under this Act, the Secretary shall issue appropriate standards to be maintained with respect to average federally supported wage rates for public service jobs on an area basis, taking into account average wages in regular employment not supported under this Act in various areas, with the aim of maintaining nationwide annual average federally supported wage rates equivalent to $7,800 per public service jobholder (consistent with the maximum annual federally supported wage rate under paragraph (1) of this subsection).

"(3) (A) Except as otherwise provided in this Act, no public service employment participant may be provided wages for any public service employment job from sources other than this Act.

"(B) Notwithstanding subparagraph (A), any person in public service employment on September 30, 1978 receiving wages from sources other than this Act may continue to receive such wages.

"(k) Notwithstanding any eligibility limitation on public service employment in this Act, a person who on Sep.em-

ber 30, 1978, held a public service employment position under this Act may continue in such position subject to subsection (i) of this section.

"(l) All persons employed in public service jobs shall be provided workers' compensation, health insurance, unemployment benefits, and other benefits and working conditions at the same level and to the same extent as other employees working a similar length of time, doing the same type of work, and similarly classified. Any such classification must be reasonable and must include nonfederally financed employees.

"(m) The Secretary, through State employment security agencies, shall inform unemployment compensation recipients and other applicants for assistance from the employment security agency of any available public service jobs for which they may be eligible.

"(n) To the extent feasible, public service jobs shall be provided in occupational fields which are most likely to expand within the public or private sector.

"(o) Programs shall meet such other conditions as the Secretary by regulation may require.

"SPECIAL PROVISIONS

"SEC. 123. (a) No authority conferred by this Act shall be used to enter into arrangements for, or otherwise establish, any employment and training programs in the lower

wage industries in jobs where prior skill or training is typically not a prerequisite to hiring and where labor turnover is high.

"(b) The Secretary shall provide for the sharing of the comprehensive employment and training plan and other plans and proposals between the prime sponsors and other recipients of financial assistance in the prime sponsor's area under this Act in order to assure maximum feasible coordination of activities and programs within the area and to minimize duplication.

"(c) Notwithstanding any other provisions of law, employment and training furnished under this Act in connection with weatherization projects may include work on projects for the near poor, including families having incomes which do not exceed 125 per centum of the poverty level as determined in accordance with the criteria established by the Director of the Office of Management and Budget, and projects approved by the Community Service Administration pursuant to section 222(a)(12) of the Economic Opportunity Act or the Department of Energy pursuant to title IV of the Energy Conservation and Production Act of 1976.

"(d) All allocations under this Act shall be based on the latest available data and estimates satisfactory to the Secretary.

"(e) Where the Secretary determines that a Native

American entity otherwise qualified under section 302(c)(1) is unable to apply for or use any financial assistance for which it may be eligible under this Act, the Secretary may assist such entity in applying for or using such financial assistance.

"(f) For purposes of eligibility for participation in a program under this Act, no person shall be considered as unemployed unless such person has been unemployed for at least seven consecutive days.

"(g) All funds received under any title of the Act, which are allowed to be used for administrative costs under the provisions of the title under which they were received, may be pooled by the recipient so that they may be used to administer all programs under the Act.

"(h) The Secretary shall by regulation establish such standards and procedures as are necessary to assure against program abuses, such as nepotism, conflicts-of-interest, and the charging of fees in connection with participation in the program.

"(i) Pursuant to regulations of the Secretary, income generated under any program may be retained by the recipient to continue to carry out the program, notwithstanding the expiration of financial assistance for that program.

"WAGES AND ALLOWANCES

"SEC. 124. Except as otherwise provided in this Act, the

following allowances and wages shall apply to all activities financed under this Act.

"(a) The Secretary shall establish a basic hourly allowance for an individual receiving training for which no wages are payable at a rate which, when added to the amounts of unemployment compensation, if any, received by the trainee, shall be no less than the hourly minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended, or, if higher, under the State or local minimum wage law applicable to most employees in the State.

"(1) Pursuant to regulations of the Secretary, the prime sponsor may increase, decrease, prorate or waive the basic allowance.

"(2) A trainee receiving public assistance, or whose needs or income is taken into account in determining such public assistance payments to others, shall receive an incentive allowance for each hour spent in training, but no more than $30 per week. Such allowance shall be disregarded in determining the amount of public assistance payments under Federal or federally assisted public assistance programs.

"(3) A trainee shall receive no allowances for hours during which the trainee fails to participate without good cause.

"(b) A person in public service employment or similar employment shall be paid wages which shall not be less than

the highest of (1) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended, (2) the minimum wage under the applicable State or local minimum wage law or (3) the prevailing rates of pay for persons employed in similar occupations by the same employer.

"(c) Persons in on-the-job training shall be compensated by the employer at such rates, including periodic increases, as may be deemed reasonable under regulations prescribed by the Secretary, considering such factors as industry, geographical region, and individual proficiency, but in no event less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act or the applicable State or local minimum wage law.

"(d) Persons in work experience shall be paid wages not less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act or the applicable State or local minimum wage law.

"LABOR STANDARDS

"SEC. 125. All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted under this Act, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by

the Secretary in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276(c)).

"DEFINITIONS

"SEC. 126. As used in this Act, the term—

"(1) 'community-based organizations' means private nonprofit organizations which are representative of communities or significant segments of communities and which provide employment and training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, community action agencies, community development corporations, union related organizations and employer-related nonprofit organizations).

"(2) 'Governor' means the chief executive of any State.

"(3) 'health care' includes, but is not limited to, preventive and clinical medical treatment, family planning services, nutrition services, and appropriate psychiatric, psychological, and prosthetic services, to the extent

any such treatment or services are necessary to enable the recipient of employment and training services to obtain or retain employment.

"(4) 'low-income level' means $7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

"(5) 'offender' means any adult or juvenile who is or has been confined in any type of correctional institution; assigned to a community based facility; or subject to pretrial, probationary, parole or other stages of the judicial, correctional or probationary process for whom employment and training services may be beneficial after appropriate consultation with judicial, correctional, probationary, or other authorities.

"(6) 'public service' includes, but is not limited to, work, including part-time work, in such fields as environmental quality, health care, education, child care, public safety, crime prevention and control, prisoner rehabilitation, transportation, recreation, maintenance of parks, streets, and other public facilities, solid waste removal, pollution control, housing and neighborhood improvements, rural development, conservation, beautifi-

cation, veterans outreach, and other fields of human betterment and community improvement.

"(7) 'Secretary' means the Secretary of Labor.

"(8) 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, Northern Marianas, American Samoa, and the Trust Territory of the Pacific Islands.

"(9) 'unit of general local government' means any city, municipality, county, town, township, parish, village, or other general purpose political subdivision which has the power to levy taxes and spend funds, as well as general corporate and police powers.

"(10) 'underemployed persons' means—

"(A) persons who are working part time but seeking full-time work;

"(B) persons who are working full time but receiving wages below the higher of either (i) the poverty level determined in accordance with criteria as established by the Director of the Office of Management and Budget or (ii) 70 per centum of the lower living standard income level;

"(C) in cases permitted by regulations of the Secretary, persons who are institutionalized in a sheltered workshop, prison, hospital, or similar institution; or

"(D) adults who, or whose families receive, supplemental security income or money payments pursuant to a State plan approved under title I, IV, X, or XVI of the Social Security Act or would, as defined in regulations to be issued by the Secretary, be eligible for such payments but for the fact that both parents are present in the home (i) who are determined by the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare, to be available for work and (ii) who are either persons without jobs, or persons working in jobs providing insufficient income to support their families without welfare assistance.

"(11) 'unemployed persons' means persons who are without jobs and who want and are available for work. The determination of whether persons are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining persons as unemployed, but such criteria shall not be applied differently on account of a person's previous employment.

"(12) 'area of substantial unemployment' means any area of sufficient size and scope to sustain a public service employment program and which has an average

rate of unemployment of at least 6.5 per centum for the most recent four quarters. Determinations of areas of substantial unemployment shall be made once each fiscal year by the Secretary.

"(13) 'veterans outreach' means the veterans outreach services program carried out under subchapter IV of chapter 3 of title 38, United States Code, with full utilization of veterans receiving educational assistance or vocational rehabilitation under chapters 31 or 34 of such title 38.

"(14) 'project applicants' includes States and agencies thereof, units of general local government and agencies thereof or combinations or associations of such governmental units when the primary purpose of such combinations or associations is to assist such governmental units to provide public services, special purpose political subdivisions having the power to levy taxes and spend funds or serving such special purpose within an area served by one or more units of general local government, local educational agencies, institutions of higher education, community development corporations, nonprofit groups and organizations serving Native Americans, and other private nonprofit organizations or institutions engaged in public service.

"(15) 'Hawaiian native' means any individual any of whose ancestors were natives of the area which consisted of the Hawaiian Islands prior to 1778.

"(16) 'economically disadvantaged' means a person who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program, (exclusive of unemployment compensation and welfare payments) which, in relation to family size, was not in excess of the higher of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget or 70 per centum of the lower living standard income level; (C) is a foster child on behalf of whom State or local government payments are made; or (D) in cases permitted by regulations of the Secretary, is institutionalized in a sheltered workshop, prison, hospital, or similar institution. Except for persons who would be eligible for assistance under title IX of the Older Americans Act, any person claimed as a dependent on another person's Federal income tax return under section 151(e) of the Internal Revenue

Code of 1954 for the previous year shall be considered part of the person's family for the current year.

"(17) 'lower living standard income level' means that income level (adjusted for regional and metropolitan and urban and rural differences and family size) determined annually by the Secretary based upon the most recent 'lower living family budget' issued by the Secretary of Labor.

"(18) 'local educational agencies' means those agencies so defined in section 801 (f) of the Elementary and Secondary Education Act of 1965.

"(19) 'institutions of higher education' and 'post-secondary institutions' means those institutions defined as institutions of higher education in section 1201 (a) of the Higher Education Act of 1965.

"(20) 'Consumer Price Index' means the 'All Urban Consumer Index' as determined by the Secretary of Labor.

"(21) 'entry level' means the lowest position in any promotional line.

"(22) 'public assistance' means cash payments for which eligibility is determined by a need or income test.

"(23) 'handicapped individual' means any individual who has a physical or mental disability which for

such individual constitutes or results in a substantial handicap to employment.

"(24) 'Vietnam-era veterans' means those veterans defined in section 2011(2)(A) of title 38, United States Code.

"(25) 'disabled veterans' means those veterans defined in section 2011(1) of title 38, United States Code.

"SECRETARY'S AUTHORITY

"SEC. 127. (a) The Secretary may, in accordance with chapter 5, title 5, United States Code, prescribe such rules and regulations, including performance standards, as deemed necessary. Such rules and regulations may include adjustments authorized by section 204 of the Intergovernmental Cooperation Act of 1968. For purposes of chapter 5 of such title any condition for receipt of financial assistance shall be deemed a rule to which section 553 applies. Copies of all such rules and regulations shall be transmitted to the appropriate committees of the Congress.

"(b) The Secretary may make such grants, contracts, or agreements, establish such procedures and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as deemed necessary to carry out the provisions of this Act, including (without regard to the provisions of section 4774(d) of title 10, United States

Code) expenditures for construction, repairs, and capital improvements, and including necessary adjustments in payments on account of overpayments or underpayments. The Secretary may also withhold funds otherwise payable under this Act, but only in order to recover any amounts expended in the current or immediately prior fiscal year in violation of any provision of this Act, any regulation, or any term or condition of assistance under this Act.

"REPORTS

"SEC. 128. (a) The Secretary shall make such reports and recommendations to the President as the Secretary deems appropriate pertaining to employment and occupational requirements, resources, use, and training, and the President shall transmit to the Congress a report on the same topics not later than April 1 of each year.

"(b) The Secretary and the Secretary of Health, Education, and Welfare shall report to the Congress on the extent to which social services, community colleges, area vocational and technical schools and other vocational education agencies and institutions, and vocational rehabilitation agencies are being utilized to carry out training programs supported in whole or in part under this and related Acts; the extent to which administrative steps have been taken or are being taken to encourage the use of such facilities and institutions and agencies in the carrying out of the provisions of this Act;

and any further legislation that may be required to assure effective coordination and utilization of such facilities and agencies to the end that all federally supported employment and training, vocational education, and vocational rehabilitation programs can more effectively accomplish their objective of providing employment and training opportunities to all persons needing such employment and training.

"(c) The Secretary shall transmit to the Congress, as a part of the report required by subsection (a), a detailed report setting forth the public service employment activities conducted under this Act, including information derived from evaluations, and information on the extent to which (1) participants in such activities subsequently secure and retain public or private employment or participate in training or employability development programs, and (2) segments of the population of unemployed persons are provided public service opportunities.

"(d) The Secretary may require each prime sponsor to prepare, and make available to the public, periodic reports on its activities under the Act. Such reports shall contain such information as the Secretary may require, including—

"(1) a detailed comparison of program performance with approved plan;

"(2) participant and staff characteristics (cross-tabulated) including age, sex, race, national origin, hand-

icap, education level, and previous wage and employment experience;

"(3) total dollar cost per participant, including a breakdown among salary or stipend, training and supportive services, all fringe benefits and administrative costs; and

"(4) the types of placements that participants receive.

"SERVICES AND PROPERTY

"SEC. 129. The Secretary is authorized, in carrying out functions and responsibilities under this Act, to accept, purchase, or lease in the name of the Department, and employ or dispose of in furtherance of the purposes of this Act, or any title thereof, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise; and to accept voluntary and uncompensated services, notwithstanding the provisions of section 3679(b) of the Revised Statutes of the United States.

"UTILIZATION OF SERVICES AND FACILITIES

"SEC. 130. (a) In addition to such other authority as the Secretary may have, the Secretary is authorized, in the performance of functions under this Act, and to the extent permitted by law, to utilize the services and facilities of departments, agencies, and establishments of the United States. The Secretary is also authorized to accept and utilize the

services and facilities of the agencies of any State or political subdivision of a State, with its consent.

"(b) The Secretary shall carry out responsibilities under this Act through the utilization, to the extent appropriate, of all resources for skill development available in industry, labor, public and private educational and training institutions, vocational rehabilitation agencies, and other State, Federal, and local agencies and other appropriate public and private organizations and facilities, with their consent.

"INTERSTATE AGREEMENTS

"SEC. 131. In the event that compliance with provisions of this Act would be enhanced by cooperative agreements between States, the consent of Congress is hereby given to such States to enter into such compacts and agreements to facilitate such compliance, subject to the approval of the Secretary.

"PROHIBITION AGAINST POLITICAL ACTIVITIES

"SEC. 132. (a) The Secretary shall not provide financial assistance for any program under this Act which involves political activities.

"(b) Neither the program, the funds provided therefor, nor personnel employed in the administration thereof, shall be, in any way or to any extent, engaged in the conduct of political activities in contravention of chapter 15 of title 5, United States Code.

"NONDISCRIMINATION

"SEC. 133. (a) No person in the United States shall on the ground of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in the administration of or in connection with any program or activity funded in whole or in part with funds made available under this Act.

"(b) Whenever the Secretary determines that a recipient of financial assistance has failed to comply with subsection (a) or an applicable regulation, the Secretary, in addition to exercising the powers and functions provided in section 106, is authorized (1) to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) to exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); or (3) to take such other action as may be provided by law.

"(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever the Attorney General has reason to believe that a recipient is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

"(d) In addition to other remedies, the Secretary is authorized to enforce the provisions of subsection (a) dealing with discrimination on the basis of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief, in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such provisions of such subsection. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any program or activity receiving assistance under this Act.

"(e) No participant under this Act shall be discriminated against by reason of citizenship. Participation shall be open to citizens and nationals of the United States, lawfully admitted permanent resident aliens, and lawfully admitted refugees and parolees.

"RECORDS, AUDITS, AND REPORTS

"SEC. 134. In order to assure that funds provided under this Act are used in accordance with its provisions, each recipient shall—

"(a) use such fiscal, audit, and accounting proce-

dures as may be necessary to assure (1) proper accounting for payments received by it, and (2) proper expenditure and disbursement of such payments;

"(b) provide to the Secretary and the Comptroller General of the United States access to, and the right to examine, any books, documents, papers, or records as required; and

"(c) make such reports to the Secretary as required.

"CRIMINAL PROVISIONS

"SEC. 135. (a) Chapter 31 of title 18, United States Code, is amended by adding a new section 665 to read as follows:

"'THEFT OR EMBEZZLEMENT FROM EMPLOYMENT AND TRAINING FUNDS: IMPROPER INDUCEMENT

"'SEC. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with any agency receiving financial assistance under the Comprehensive Employment and Training Act of 1973 embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to this Act shall be fined not more than $10,000 or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100,

such person shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"'(b) Whoever, by threat or procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under the Comprehensive Employment and Training Act of 1973, induces any persons to give up any money or thing of any value to any person (including such grantee agency) shall be fined not more than $1,000, or imprisoned not more than one year, or both.'.

"(b) The analysis of chapter 31 is amended by adding at the end thereof the following new item:

"'665. Theft or embezzlement from employment and training funds: improper inducement.'

"TITLE II—COMPREHENSIVE EMPLOYMENT AND TRAINING SERVICES

"Part A—Financial Assistance Provisions

"PURPOSE OF PROGRAM

"SEC. 201. It is the purpose of this title to establish programs to provide comprehensive employment and training services throughout the Nation. Such programs shall include the development and creation of training, upgrading, retraining, education, and other services needed to enable individuals to secure and retain employment at their maximum capacities so as to increase their earned incomes.

"ALLOCATION OF FUNDS

"SEC. 202. (a) (1) Eighty-five per centum of the amount available for this title in any fiscal year shall be allocated as follows:

"(A) 50 per centum of the amount allocated under this subsection shall be allocated to each State on the basis of the sums received by the State under this title in the prior fiscal year compared to the sums received by all States under this title in that year; (except that, for fiscal year 1979, the term 'under this title' shall mean 'under title I of the Comprehensive Employment and Training Act of 1973 prior to the effective date of the Comprehensive Employment and Training Amendments of 1978');

"(B) 37½ per centum of the amount allocated under this subsection shall be allocated to each State on the basis of the relative number of unemployed persons within the State as compared to the number in all States;

"(C) 12½ per centum of the amount allocated under this subsection shall be allocated to each State on the basis of the relative number of adults in families with an annual income below the low-income level within the State compared to the total number in all States;

"(D) Not less than $2,000,000 shall be allocated

among Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Marianas in accordance with their respective needs.

"(2) The sum allocated to each State shall be allocated by the Secretary among prime sponsors within the State on an equitable basis based upon the factors set forth in paragraph (1).

"(b) Five per centum of the funds available for this title shall be allocated among prime sponsors in the manner provided under section 202(a)(2) to be used only for supplemental vocational education assistance under section 204.

"(c) One per centum of the amount allocated under this title shall be available to the Secretary to be allocated in the same manner as provided under subsection (a) to States for the costs of the State employment and training council incurred in carrying out the provisions of section 110 except that no State shall receive an allocation of less than $50,000. If any State does not need the amount allocated under this subsection for any fiscal year, that amount shall be available for the Governor's coordination and special services under section 105.

"(d) Four per centum of the amounts available for this title shall be available to each Governor in the same proportion as that State's allocation under subsection (a) for the Governor's coordination and special services under section

105, and, where deemed necessary by the Governor, for additional support of State employment and training councils.

"(e) The remainder of the funds shall be available in the Secretary's discretion to be distributed among prime sponsors (or where a prime sponsor's comprehensive employment and training plan has not been approved, an area served by the Secretary under the authority in section 102). The Secretary shall first utilize such funds to assure that each prime sponsor is provided with an amount for any fiscal year equal to 90 percent of the funds allocated to the prime sponsor under subsection (a) (2) of this section for the preceding fiscal year. In utilizing such funds, the Secretary shall provide continued support for concentrated employment program grantees serving rural areas having high levels of unemployment, shall take into account the need for continued funding of programs of demonstrated effectiveness, and shall use such funds to encourage, after consultation with and receiving recommendations from the Governor of the appropriate State, voluntary consortia (formed under section 101 (a) (3)) where the Secretary determines, pursuant to regulations, that such consortia demonstrate advantages in delivering employment and training services to substantial portions of functioning labor market areas.

"(f) As soon as practicable after funds are appropriated to carry out this Act for any fiscal year, the Secretary shall publish in the Federal Register the allocations made pursuant to this section.

"(g) Prime sponsors are authorized to use funds allocated under this title to support prime sponsor planning councils pursuant to section 109.

"CONDITIONS FOR RECEIPT OF FINANCIAL ASSISTANCE

"SEC. 203. (a) The Secretary shall not provide financial assistance for any fiscal year to a prime sponsor unless the prime sponsor submits a satisfactory comprehensive employment and training plan pursuant to section 103.

"(b) Not more than 5 per centum of each prime sponsor's allocation under section 202(a)(2) may be used for programs and activities under part C of this title.

"SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE

"SEC. 204. (a) From the funds available for this section, the Secretary shall provide financial assistance to prime sponsors to provide needed vocational education services in their areas. Such services shall be provided pursuant to agreements between the prime sponsor and the State vocational education board, or where such agreements cannot be reached, and, with the concurrence of the Governor, with alternative deliverers of vocational education services.

"(b) Funds available under this section shall be used only for providing vocational education, services, and allowances to participants in programs under this Act.

"JOB SEARCH ASSISTANCE

"SEC. 205. (a) Job search assistance under this Act shall consist of appropriate services and activities, including, but not limited to—

"(1) the administration, through arrangements with the State employment security agency or other comparable arrangements with other public agencies or private nonprofit organizations, of an intake process, including provisions for determining whether individuals are eligible for participation in programs under this Act;

"(2) use of a computerized job matching program, where available, pursuant to an agreement with the State employment security agency;

"(3) the provision of assessment, counseling and testing services;

"(4) a program of job search grants to participants to explore out-of-area job opportunities, and relocation assistance grants to enable individuals to move from areas where they are unable to find jobs to other geographic areas where there is a demand for their skills;

"(5) information and referral to in-area and out-of-area job opportunities in the public and private sectors, including long distance telephone referral service to such job opportunities;

"(6) job development and related services, to be carried out through arrangements with the State employment security agency or comparable arrangements with other public agencies or private nonprofit organizations, including community based organizations; and

"(7) during employment, followup information and referral services with respect to job opportunities not financed under this Act, and, at the completion of training and employment, followup information and referral services with respect to job opportunities both financed and not financed under this Act.

"(b) Pursuant to regulations of the Secretary, the State employment security agency shall be reimbursed only for the cost of services under this section not normally provided by the agency.

"Part B—Services for the Economically Disadvantaged

"DESCRIPTION OF PROGRAM

"SEC. 211. Comprehensive employment and training services may include, but need not be limited to, the following:

"(1) job search assistance;

"(2) outreach to make persons aware of the availability of, and to encourage them to use, employment and training services;

"(3) assessment of the individual's needs, interests, and potential in the labor market;

"(4) education and institutional skill training to prepare persons to enter the labor market, or to qualify for more productive job opportunities and increased earnings;

"(5) on-the-job training;

"(6) transitional entry-level public service employment opportunities or work experience only when combined with appropriate training and supportive services designed to enable participants to move into unsubsidized employment;

"(7) payments or other inducements to public or private employers to expand job opportunities, but payments to employers organized for profit shall not exceed the difference between the costs of recruiting, training, and supportive services and the costs of low productivity for eligible persons and the costs incurred for those regularly employed;

"(8) services to individuals to enable them to retain employment;

"(9) payment of allowances to persons in training for which they receive no remuneration, and payment of such allowances for transportation, subsistence, or other expenses incurred in training or employment;

"(10) supportive services, including necessary health care, child care, residential support, or assistance in securing bonds, needed to enable individuals to participate in employment and training.

"(11) development of labor market information, and activities such as job restructuring, to make the program more responsive to the needs of the eligible population;

"(12) training, employment opportunities, and related services conducted by community based organizations; and

"(13) any programs or activities authorized by part A of title III, title IV, and title VII of this Act.

"LIMITATIONS ON USE OF FUNDS

"SEC. 212. (a) No prime sponsor shall use more than 50 per centum of the funds allocated to it under section 202 (a) (2) for public service employment and work experience.

"(b) For activities other than public service employment and work experience, each prime sponsor shall use an

amount of funds no less than the amount of its manpower allotment (as defined in the Comprehensive Employment and Training Act of 1973, prior to the effective date of the Comprehensive Employment and Training Amendments of 1978) used for such purposes in fiscal year 1977.

"ELIGIBILITY FOR PARTICIPATION

"SEC. 213. A person shall be eligible to participate in a program receiving financial assistance under this part only if such person is economically disadvantaged and either unemployed, underemployed, or in school.

"Part C—Upgrading and Retraining

"SEC. 221. (a) Pursuant to regulations of the Secretary, prime sponsors may conduct occupational upgrading programs, including supportive services, through agreements with public and private employers for employees of such employers. Individuals eligible for such programs shall be those operating at less than their full skill potential, primarily those in entry level positions or positions with little normal advancement opportunities. In any program receiving financial assistance under this section—

"(1) the positions for which employees are being upgraded shall be positions not regularly available to entry level employees, or for which adequately trained persons are not available;

"(2) the selection of employees for upgrading shall

be based upon potential and the lack of availability for advancement in a normal promotional line;

"(3) the education and skill training content of the upgrading program shall provide employees with a reasonable progression resulting in qualification for a recognized position of greater skill, responsibility, remuneration, or career advancement in the service of that employer;

"(4) the training period for upgrading shall be reasonable and consistent with periods customarily required for comparable training;

"(5) adequate personnel, attendance and progress records shall be maintained;

"(6) The program shall be designed, to the extent feasible, so that additional vacancies are created for new entry level employees;

"(7) the employees shall receive such wages, including periodic increases, as the Secretary deems reasonable, considering such factors as industry practice and individual proficiency, but not less than received before upgrading; and

"(8) successful completion shall be expected to result in employment with the employer in the occupation for which he or she has been upgraded and at not less than prevailing wages.

"(b) (1) Pursuant to regulations of the Secretary, prime sponsors may conduct retraining programs, including supporting services, directly or through agreements with public and private employers or other organizations or agencies.

"(2) Entry into retraining programs shall be only for individuals who have previously received a bona fide notice of impending layoff, and who are determined, pursuant to regulations of the Secretary, to have little opportunity to be reemployed in the same or equivalent occupation or skill level within the labor market area.

"(3) Retraining programs shall meet such standards as the Secretary shall establish by regulation.

"(c) If upgrading or retraining is for or from jobs covered by collective bargaining agreements, agreements with employers to carry out such programs shall have the concurrence of labor organizations representing employees in those jobs.

"TITLE III—SPECIAL FEDERAL RESPONSIBILITIES

"Part A—Special National Programs and Activities

"SPECIAL PROGRAMS AND ACTIVITIES

"SEC. 301. (a) The Secretary is authorized to use funds available under this title to provide services authorized under all titles of this Act and for employment and training programs that—

"(1) meet the employment-related needs of persons who face particular disadvantages in specific and general labor markets or occupations, including offenders, persons of limited English-speaking ability, handicapped individuals, single parents, displaced homemakers, youth, older workers, and other persons whom the Secretary determines require special assistance;

"(2) are most appropriately administered from the national level, such as programs sponsored by public agencies or private organizations that conduct federally assisted activities in more than one State;

"(3) foster new or improved linkages between Federal, State, and local employment and training agencies and components of the private sector, such as the business community, organized labor, and community based organizations;

"(4) provide continued support for programs of demonstrated effectiveness;

"(5) eliminate or reduce critical skill shortages in the Nation's labor force; and

"(6) serve those who become unemployed as a result of a large-scale loss of jobs in a locality, caused by such things as the closing of a facility, mass layoffs, or natural disasters.

"(b) With respect to programs for offenders the Secre-

tary shall provide training and related assistance and support services (including basic education, drug addiction or dependency rehabilitation, and health care) which will enable them to secure and obtain meaningful employment. The Secretary may provide for appropriate arrangements with employers and labor organizations, and appropriate parole, probationary and judicial authorities, for the utilization of training equipment comparable to that currently used for the job for which training is furnished. To support such programs, the Secretary shall develop information concerning the special employment and training needs of offenders and the means of meeting these needs.

"(c) To the extent appropriate, programs financed under this part shall be coordinated with programs conducted by prime sponsors under this Act. Before funding an employment or training program under this section in a prime sponsor's area, the Secretary shall afford the prime sponsor's planning council an opportunity to comment.

"NATIVE AMERICAN EMPLOYMENT AND TRAINING PROGRAMS

"SEC. 302. (a) The Congress finds that (1) there exists serious unemployment and economic disadvantage among members of Indian and Alaskan native communities, and among Hawaiian natives; (2) there is a compelling need for the establishment of comprehensive employment and

training programs for members of those communities; and (3) such programs are essential to the reduction of economic disadvantage among members of these communities and to economic and social development consistent with their goals and life styles.

"(b) The Congress therefore declares that, because of the special relationship between the Federal Government and most of those to be served under this section, (1) such programs shall be available not only to federally recognized Indian tribes, bands, and groups, but also to other groups and individuals of native American descent such as the Passamaquoddys and Penobscots in Maine, Eskimos and Aleuts in Alaska, and Hawaiian natives; and (2) such programs shall be administered so as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served.

"(c) (1) In carrying out employment and training responsibilities under this section, the Secretary shall utilize Indian tribes, bands, and groups on Federal and State reservations, the Oklahoma Indians, and Alaska Native villages or groups as defined in the Alaska Native Claims Settlement Act of December 18, 1971 (85 Stat. 688) having a governing body. When the Secretary determines that such a Native American entity has demonstrated the capability to effec-

tively administer a comprehensive employment and training program, such entity shall be designated as a prime sponsor by the Secretary and shall submit a comprehensive employment and training plan pursuant to section 103(g).

"(2) The Secretary is authorized to arrange for programs to meet the employment and training needs of nonreservation Indians, Hawaiian natives and other Native Americans through arrangements with those prime sponsors designated under section 101(c), and those public agencies and private nonprofit organizations, which the Secretary determines will best serve such persons.

"(d) Whenever the Secretary determines it is not possible to utilize Native American entities qualified under subsection (c)(1) for the provision of programs and services under this section the Secretary shall, to the maximum extent feasible, enter into arrangements for the provision of such programs and services with public agencies or private nonprofit organizations which meet the approval of the groups to be served.

"(e) The Secretary shall establish administrative procedures and machinery (including personnel having particular knowledge and competence in this field) for the administration of Native American programs authorized under this Act.

"(f) For the purpose of carrying out this section, the

Secretary shall reserve from funds available for this title an amount equal to not less than 4.2 percent of the amount allocated pursuant to section 202 (a) (1).

"(b) No provision of this section shall abrogate in any way the trust responsibilities of the Federal Government to Indian tribes, bands, or groups.

"MIGRANT AND SEASONAL FARMWORKER EMPLOYMENT AND TRAINING PROGRAMS

"SEC. 303. (a) The Congress finds and declares that chronic seasonal unemployment and underemployment in the agricultural industry, substantially affected by recent advances in technology and mechanization, constitute a substantial portion of the Nation's rural employment problem and substantially affect the entire national economy.

"(b) (1) The Secretary is authorized to arrange to meet the employment and training needs of migrants and seasonal farmworkers through those public agencies and private nonprofit organizations, including prime sponsors designated under section 101 (c), as the Secretary determines have demonstrated the capability to effectively administer a comprehensive employment and training program. Such organizations shall submit a comprehensive employment and training plan pursuant to section 103 (g).

"(2) To the maximum extent feasible, programs sup-

ported under this section shall emphasize training and other employment related services for participants that are designed to enhance their employability and earnings, including, but not limited to, services that will help participants prepare for and obtain nonagricultural employment.

"(3) For the purpose of carrying out this section, the Secretary shall reserve from funds available for this title an amount equal to not less than 5 per centum of the amount allocated pursuant to section 202(a)(1).

"PROGRAMS FOR PERSONS WITH LIMITED ENGLISH-SPEAKING ABILITY

"SEC. 304. The Secretary shall, with respect to programs assisted under this Act, promote the development and implementation of components that meet the employment-related needs of persons with limited English-speaking ability, including training taught in their primary language for occupations which do not require a high proficiency in English, employment-related services in their primary language, and courses to increase their English-speaking ability.

"JOB SEARCH AND RELOCATION ASSISTANCE

"SEC. 305. (a) The Secretary is authorized to carry out job search and relocation assistance through agreements with States, State agencies or prime sponsors.

"(b)(1) Job search assistance shall consist of the

activities, except relocation assistance, specified in section 205 and shall meet such standards as the Secretary establishes.

"(2) Job search assistance shall be available to economically disadvantaged, unemployed, and underemployed persons.

"(c) (1) Relocation assistance may be provided in the form of loans or grants, or both, subject to such standards as the Secretary establishes.

"(2) Relocation assistance shall be available only to involuntarily unemployed individuals who cannot reasonably be expected to secure full-time employment in the community in which they reside, and have bona fide offers of employment (other than temporary or seasonal employment).

"VETERANS INFORMATION AND OUTREACH

"SEC. 306. The Secretary, in consultation and cooperation with the Administrator of Veterans Affairs and the Secretary of Health, Education, and Welfare, shall provide for an outreach and public information program utilizing, to the maximum extent, the facilities of the Departments of Labor and Health, Education, and Welfare and the Veterans' Administration to exercise maximum efforts to develop jobs and job training opportunities for disabled and Vietnam-era veterans, and inform all such veterans about employment, job training, on-the-job training and educational op-

portunities under this Act, under title 38, United States Code, and other provisions of law; and inform prime sponsors, Federal contractors and subcontractors, Federal agencies, educational institutions, labor unions, and employers of their statutory responsibilities toward such veterans, and provide them with technical assistance in meeting those responsibilities.

"Part B—Research, Training, and Evaluation

"RESEARCH

"SEC. 311. (a) To assist the Nation in expanding work opportunities and assuring access to those opportunities for all who desire it, the Secretary shall establish a comprehensive program of employment and training research utilizing the methods, techniques, and knowledge of the behavioral and social sciences and such other methods, techniques, and knowledge as will aid in the solution of the Nation's employment and training problems. This program may include, but need not be limited to, studies, the findings of which may contribute to the formulation of employment and training policy; development or improvement of employment and training programs; increased knowledge about labor market processes; reduction of unemployment and its relationship to price stability; promotion of more effective worker development, training, and utilization; improved national, regional and local means of measuring future labor demand

and supply; enhancement of job opportunities; skill training to qualify employees for positions of greater skill, responsibility, and remuneration; meeting of worker shortages; easing of the transition from school to work, from income transfer payment dependency to employment, from one job to another, and from work to retirement; usefulness of sheltered employment for the difficult to employ; opportunities and services for older persons who desire to enter or reenter the labor force; and for improvement of opportunities for employment and advancement through the reduction of discrimination and disadvantage arising from poverty, ignorance, or prejudice.

"(b) The Secretary shall establish a program of experimental, developmental, demonstration, and pilot projects through grants to or contracts with public agencies or other private organizations, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting the employment and training problems; however, nothing in this subsection shall authorize the Secretary to carry out employment programs experimenting with subsidized wages in the private sector or wages less than those established by the Fair Labor Standards Act of 1938, as amended, for employment subject to that Act. In carrying out this subsection, the Secretary shall consult with such other agencies as may be appropriate. Where programs

under this section require institutional training, appropriate arrangements for such training shall be agreed to by the Secretary of Labor and the Secretary of Health, Education, and Welfare.

"(c) The Secretary is authorized to conduct support employment and training projects of an experimental and demonstration nature for unemployed persons with serious problems in the labor market, such as juvenile delinquents, mentally and emotionally handicapped individuals, alcoholics, and recipients of aid to families with dependent children, to enable them, through temporary, highly structured and supervised work experience, to make the transition to employment.

"(d) The Secretary is authorized to carry out a special program to demonstrate the efficacy of providing vouchers to economically disadvantaged persons who are unemployed or underemployed. Such vouchers shall entitle private employers who provide employment or training to such individuals to payment in amounts equal to the value of the voucher during periods when, and to the extent that, such persons are not fully productive, pursuant to regulations of the Secretary.

"(e) The Secretary is authorized to undertake research programs to (1) investigate the applicability of job-sharing, work-sharing and other flexible hours arrangements in vari-

ous settings, and of the incentives and technical assistance required by employers to implement such alternative working arrangements; (2) investigate the extent to which job and wage classification systems undervalue certain skills and responsibilities on the basis of the sex of persons who usually hold the positions.

"(f) The Secretary is authorized to conduct demonstration and experimental projects and programs to assist persons, who might otherwise rely on public assistance or other income assistance, to find nonfederally assisted employment in the private and public sectors, and to provide federally assisted work and training opportunities for any such persons who are unable to find nonfederally assisted work or training opportunities. Such projects and programs may include job search assistance as described in section 205. The Secretary, in coordination with the Secretary of Health, Education, and Welfare and other appropriate Federal, State, or local officials, may integrate, coordinate, or modify other employment, training, public assistance, or income assistance programs, including provisions of such programs relating to work registration, job search, allowances, wage disregards, and sanctions for failure to participate, to the extent necessary to carry out effectively experimental and demonstration projects and programs under this subsection on behalf of persons eligible for or receiving

assistance under such other programs. The Secretary shall issue regulations establishing appropriate wages, allowances, and working conditions for programs and projects under this section.

"LABOR MARKET INFORMATION AND JOB BANK PROGRAM

"SEC. 312. (a) The Secretary shall develop a comprehensive system of labor market information on a national, State, local, or other appropriate basis, which shall be made publicly available in a timely fashion.

"(b) In addition to the monthy national unemployment statistics, the Secretary shall develop reliable methods, including the use of selected sample surveys, to produce more statistically accurate data on unemployment by State and local areas, and shall investigate alternative methods to produce more accurate data on underemployment and labor demand by State and local areas.

"(c) The Secretary shall develop data for an annual statistical measure of labor market related economic hardship in the Nation. Among the factors to be considered in developing such a measure are unemployment, labor force participation, involuntary part-time employment, and full-time employment at wages less than the poverty level.

"(d) The Secretary shall develop methods to establish and maintain more comprehensive household budget data at different levels of living, including a level of adequacy, to

reflect the differences of household living costs in regions and localities, both urban and rural.

"(e) The Secretary shall set aside, out of sums available to the Department for any fiscal year including sums available for this title, an amount which the Secretary determines is necessary and appropriate to carry out the provisions of this section, and shall, no later than sixty days after such sums are appropriated and made available, notify the appropriate committees of the Congress of the amount so set aside and the basis for the determination of need and appropriateness.

"(f) The Secretary shall establish and carry out a nationwide computerized job bank and matching program (including the listing of all suitable employment openings with local offices of the State employment service agencies by Federal contractors and subcontractors and providing for the affirmative action as required by section 2012(a) of title 38, United States Code) on a regional, State, and local basis, using electronic data processing and telecommunications systems to the maximum extent possible for the purpose of identifying sources of available persons and job vacancies, providing an expeditious means of matching the qualifications of unemployed, underemployed, and economically disadvantaged persons with employer requirements and job opportunities, and referring and placing such persons in jobs.

"(g) In carrying out responsibilities under this section the Secretary of Labor shall, in cooperation with the National Occupational Information Coordinating Committee, give special attention to the labor market information needs of youth, including activities such as, but not limited to—

"(1) assisting and encouraging local areas to adopt methods of translating national aggregate occupational outlook data into local terms;

"(2) providing technical assistance for programs of computer on-line terminals and other facilities to utilize and implement occupational and career outlook information and projections supplied by State employment service offices and to improve the match of youth career desires with available and anticipated labor demand;

"(3) assisting and encouraging the development of State occupational information systems, accessible to local schools, including pilot programs in the use of computers to facilitate such access; and

"(4) in cooperation with State and local correctional agencies, encouraging programs of counseling and employment services for youth in correctional institutions.

"EVALUATION

"SEC. 313. (a) The Secretary shall provide for the continuing evaluation of all programs and activities conducted

pursuant to this Act, including their cost-effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons by age, sex, race, and national origin, and the adequacy of the mechanism for the delivery of services. In conducting evaluations the Secretary shall compare the effectiveness of programs conducted by prime sponsors of the same class and of different classes, and shall compare the effectiveness of programs conducted by prime sponsors with similar programs carried out by the Secretary under the Act. The Secretary shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs.

"(b) The Secretary shall evaluate the effectiveness of programs authorized under this Act and part C of title IV of the Social Security Act with respect to the statutory goals and objectives, including increases in employment and earnings for participants, duration in training and employment situations, information on the post-enrollment labor market experience of program participants for at least a year following their termination from such programs, and comparable information on other employees or trainees of participating employers.

"TRAINING AND TECHNICAL ASSISTANCE

"SEC. 314. The Secretary, in consultation with the Secretary of Health, Education, and Welfare, or other appropriate officials, shall provide directly or through grants, contracts, or other arrangements, appropriate preservice and inservice training for specialized, supportive, supervisory, or other personnel, and appropriate technical assistance with respect to programs under this Act.

"TITLE IV—YOUTH PROGRAMS

"INTENT

"SEC. 400. It is the intent of this title to provide a broad range of coordinated employment and training programs for eligible youth in order to provide effectively for comprehensive employment and training services to improve their future employability and to explore and experiment with alternative methods for accomplishing such purposes.

"GENERAL PROVISIONS

"SEC. 401. (a) For purposes of this title, the term 'eligible youth' means an economically disadvantaged youth who is (1) either unemployed, underemployed, or in school, and (2) either age 16 to 21 inclusive, or if authorized under regulations of the Secretary, age 14 to 15 inclusive.

"(b) Notwithstanding subsection (a), an 'eligible youth' for purposes of subpart 1 of part A means a youth

between the ages of 16 and 19 inclusive, the income of whose family is at or below the poverty level determined in accordance with criteria as established by the Director of the Office of Management and Budget.

"(c) Earnings and allowances received by any eligible youth under this title shall be disregarded in determining the eligibility of the youth's family for, and the amount of, any benefits based on need under any Federal or federally assisted program.

"Part A—Youth Employment Demonstration Programs

"STATEMENT OF PURPOSE

"SEC. 410. It is the purpose of this part to establish a variety of employment, training and demonstration programs to explore methods of dealing with the structural unemployment problems of the Nation's youth. The basic purpose of the demonstration programs shall be to test the relative efficacy of different ways of dealing with these problems in different local context, but this basic purpose shall not preclude the funding of programs dealing with the immediate difficulties faced by youths who are in need of, and unable to find, jobs. It is explicitly not the purpose of this part to provide make-work opportunities for unemployed youth; instead, it is the purpose to provide eligible youth with opportunities to learn and earn that will lead to meaningful employment opportunities after they have completed the program.

"REPORT

"SEC. 411. The Secretary shall provide to Congress by March 1, 197[illegible] a thorough analysis of knowledge gained from the programs in this part accompanied by recommendations for modifications of programs under this Act and other relevant Acts.

"DISTRIBUTION OF FUNDS

"SEC. 412. Of the sums available for carrying out the provisions of this part for fiscal year 1979—

"(1) 15 per centum shall be available for subpart 1;

"(2) 15 per centum shall be available for subpart 2; and

"(3) 70 per centum shall be available for subpart 3.

"WAGE PROVISIONS

"SEC. 413. Rates of pay under this part shall be no less than the highest of—

"(1) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938; in the case of an individual who is 14 or 15 years old, however, the wage under this paragraph shall be the wage provided in accordance with the provisions of subsection (b) of section 14 of the Fair Labor Standards Act of 1938;

"(2) the State or local minimum wage for the most nearly comparable employment; in the case of an

individual who is 14 or 15 years old, however, the wage under this paragraph shall be the wage provided in accordance with the provision of the State or local minimum wage law allowing a lesser wage rate for any youth; or

"(3) the prevailing rates of pay, if any, for occupations and job classifications of individuals employed by the same employer, except that—

"(A) whenever a recipient of financial assistance has entered into an agreement with the employer and the labor organization representing employees engaged in similar work in the same area to pay less than the rates provided in this paragraph, youths may be paid the rates specified in such agreement;

"(B) whenever an existing job is reclassified as restructured, youths employed in such jobs shall be paid at rates not less than are provided under paragraph (1) or (2) of this section, but if a labor organization represents employees engaged in similar work in the same area, such youths shall be paid at rates specified in an agreement entered into by the appropriate recipient, the employer, and the labor organization with respect to such reclassified or restructured jobs, and if no agreement is reached

within 30 days after the initiation of the agreement procedure referred to in this subparagraph, the labor organization, recipient or employer may petition the Secretary who shall establish appropriate wages for the reclassified or restructured positions, taking into account wages paid by the same employer to persons engaged in similar work;

"(C) whenever a new or different job classification or occupation is established and there is no dispute with respect to such new or different job classification or occupation, youths to be employed in such jobs shall be paid at rates not less than are provided in paragraph (1) or (2) of this section, but if there is a dispute with respect to such new or different job classification or occupation, the Secretary of Labor shall, within 30 days after receipt of the notice of protest by the labor organization representing employees engaged in similar work in the same area, make a determination whether such job is a new or different job classification or occupation, and

"(D) in the case of projects to which the provision of the Davis-Bacon Act (or any Federal law containing labor standards in accordance with the Davis-Bacon Act) otherwise apply, the Secretary

is authorized, for projects financed under subparts 2 and 3 of this part under $5,000, to prescribe rates of pay for youth participants which are not less than the applicable minimum wage but not more than the wage rate of the entering apprentice in the most nearly comparable apprenticeable trade, and to prescribe the appropriate ratio of journeymen to such participating youths

"SPECIAL CONDITION

"SEC. 414. Funds under this part shall not be used to provide full-time employment opportunities (1) for any person who has not attained the age with respect to which the requirement of compulsory education ceases to apply under the laws of the State in which such individual resides, except (A) during periods when school is not in session, and (B) where employment is undertaken in cooperation with school-related programs awarding academic credit for the employment or (2) for any person who has not attained a high school degree or its equivalent if such person left school in order to participate in any program under this part.

"SPECIAL PROVISIONS FOR SUBPARTS 2 AND 3

"SEC. 415. Appropriate efforts shall be made to insure that youths participating in programs, projects, and activities under subparts 2 and 3 of this part shall be youths who

are experiencing severe handicaps in obtaining employment, including but not limited to those who lack credentials (such as a high school diploma), those who require substantial basic and remedial skill development, those who are women and minorities, those who are veterans of military service, those who are offenders, those who are handicapped, those with dependents, or those who have otherwise demonstrated special need, as determined by the Secretary.

"ACADEMIC CREDIT, EDUCATION CREDIT, COUNSELING AND PLACEMENT SERVICES, AND BASIC SKILLS DEVELOPMENT

"SEC. 416. (a) In carrying out this part, appropriate efforts shall be made to encourage the granting by the educational agency or school involved of academic credit to eligible youths who are in school.

"(b) The Secretary, in carrying out this part, shall work with the Department of Health, Education, and Welfare to make suitable arrangements with appropriate State and local education officials whereby academic credit may be awarded, consistent with applicable State law, by educational institutions and agencies for competencies derived from work experience obtained through programs established under this part.

"(c) All activities assisted under this part shall provide appropriate counseling and placement services designed to facilitate the transition of youth from participation in the

project to (1) permanent jobs in the public or private sector, or (2) education or training programs.

"Subpart I—Youth Incentive Entitlement Pilot Projects

"ENTITLEMENT PILOT PROJECTS AUTHORIZED

"SEC. 420. (a) The Secretary shall enter into arrangements with prime sponsors designated under section 101 (c) selected in accordance with the provisions of this subpart for the purpose of demonstrating the efficacy of guaranteeing otherwise unavailable part-time employment, or combination of part-time employment and training, for eligible youth during the school year who resume or maintain attendance in secondary school for the purpose of acquiring a high school diploma or in a program which leads to a certificate of high school equivalency and full-time employment or part-time employment and training during the summer months to each such youth.

"(b) Each prime sponsor who applies for and is selected by the Secretary to carry out a pilot project under this subpart shall guarantee such employment to each such eligible youth who resides within the area or a designated part thereof served by the prime sponsor and who applies to that prime sponsor for employment. The Secretary shall provide to each prime sponsor, from funds appropriated for carrying out this subpart, in combination with any funds made available by such prime sponsor according to an agreement made pur-

suant to section 422 (a) (4) (F), the amount to which that prime sponsor is entitled under subsection (c).

"(c) Each prime sponsor shall be entitled to receive, for each youth who is provided employment by that prime sponsor, the costs associated with providing such employment. Such costs shall take into account funds made available by such prime sponsor under section 422 (a) (4) (F).

"(d) Notwithstanding the limitations of title II and part C of this title financial assistance received under title II or part C of this title which is used for the entitlement program may be used in accordance with the provisions of this subpart.

"EMPLOYMENT GUARANTEES

"SEC. 421. Employment opportunities guaranteed under this subpart shall take the form of any one of the following or combination thereof:

"(1) Part-time employment or training or combination thereof during the school year, not to exceed twenty hours per week for each youth employed, and not to last less than six months nor more than nine, on projects operated by community-based organizations of demonstrated effectiveness which have a knowledge of the needs of disadvantaged youth; local educational agencies; institutions of higher education; nonprofit private organizations or institutions engaged in public service;

nonprofit voluntary youth organizations; nonprofit private associations, such as labor organizations, educational associations, business, cultural, or other private associations; units of general local government; or special purpose political subdivisions either having the power to levy taxes and spend funds or serving such special purpose in two or more units of general local government.

"(2) Part-time employment on an individual basis in any of the institutions and under the same conditions provided for in clause (1).

"(3) Part-time employment on either a project or individual basis in any of the institutions and under the same conditions as provided in clause (1) which includes as part of the employment on-the-job or apprenticeship training.

"(4) Full-time employment during the summer months, not to exceed forty hours per week for each youth employed, and not to last less than eight weeks, in any of the institutions described in clause (1) of this section.

"SELECTING PRIME SPONSORS

"SEC. 422. (a) In selecting prime sponsors to operate youth incentive entitlement projects, the Secretary shall—

"(1) select prime sponsors from areas with differing socioeconomic and regional circumstances such as

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differing unemployment rates, school dropout rates, urban and rural variations, size, and other such factors designed to test the efficacy of a youth job entitlement in a variety of differing locations and circumstances;

"(2) take into consideration the extent to which the prime sponsors devote funds made available under title II and part C of this title for the purpose of carrying out a youth incentive entitlement project or for supportive services;

"(3) take into consideration the extent to which new and different job classifications, occupations, or restructured jobs are created for youth;

"(4) select only prime sponsors which submit program supplements pursuant to section 103, which include—

"(A) a description of the procedure to be utilized by the prime sponsor to publicize, consider, approve, audit and monitor youth incentive projects or jobs funded by the prime sponsor under this subpart, including copies of participant application materials, as well as examples of audit and client characteristics reports;

"(B) a statement of the estimated number of eligible youth to be served by the prime sponsor, and assurances that only eligible youth will be served;

"(C) assurances that the provisions of section 413 are met relating to wage provisions and the applicable provisions of this Act are met relating to general and special conditions;

"(D) assurances that the prime sponsor has consulted with appropriate public and private nonprofit educational agencies including vocational and post-secondary educational institutions and other agencies which offer high school equivalency programs; public employers, including law enforcement and judicial agencies; labor organizations; voluntary youth groups; community-based organizations; organizations of demonstrated effectiveness with a special knowledge of the needs of such youth; and with the private sector in the development of the program supplement; and assurances that arrangements are made with appropriate groups to assist the prime sponsor in carrying out the purposes of this subpart;

"(E) an agreement that title II funds planned for eligible youth and funds available for the summer youth program under part C for eligible youth will be used in support of the project authorized under this subpart;

"(F) assurances that the employment of eligible youth meets the requirments of eligible activities under section 423;

"(G) assurances that participating youth shall not be employed more than twenty hours per week during the school year and not more than forty hours per week during the summer;

"(H) assurances that whenever employment involves additional on-the-job, institutional, or apprenticeship training provided by the employer, and if such training is not paid for in full or in part by the prime sponsor under any other program authorized under this Act, wages may be paid in accordance with the provisions of subsection (b) of section 14 of the Fair Labor Standards Act of 1938, and with the balance being applied to the cost of training;

"(I) assurances that arrangements have been made with the appropriate local educational agency or with the institution offering a certified high school equivalency program that such youth is enrolled and meeting the minimum academic and attendance requirements of that school or education program and with employers that such youth meet the minimum work and attendance requirements of such employment and that any employment guarantee is conditioned on such enrollment; and

"(J) assurances that the prime sponsor will make

available the data necessary for the Secretary to prepare the report required by section 424.

"(b) In approving a prime sponsor to operate a youth incentive entitlement pilot project under this subpart the Secretary may also test the efficacy of any such project involving—

"(1) the use of a variety of subsidies to private for profit employers, notwithstanding the provisions of sections 421 and 423, to encourage such employers to provide employment and training opportunities under this subpart, but no such subsidy shall exceed the net cost to the employer of the wages paid and training provided;

"(2) arrangements with unions to enable youth to enter into apprenticeship training as part of the employment provided under this subpart;

"(3) a variety of administrative mechanisms to facilitate the employment of youths under an entitlement arrangement;

"(4) the inclusion of otherwise eligible youths between the ages of twenty and twenty-five inclusive who have not received their high school diploma;

"(5) the inclusion of occupational and career counseling, outreach, career exploration, and on-the-job training and apprenticeship as part of the employment entitlement; and

"(6) the inclusion of special efforts for eligible youth under the jurisdiction of the juvenile or criminal justice system with the approval of the appropriate authorities.

"SPECIAL PROVISION

"SEC. 423. Employment and training under this subpart shall develop the participant's role as a meaningful member of the community, and may include, but is not limited to, employment and training in such fields as environmental quality, health care, education, social services, public safety, crime prevention and control, transportation, recreation, neighborhood improvement, rural development, conservation, beautification, and community improvement projects.

"REPORT

"SEC. 424. The Secretary shall report to the Congress not later than March 1, 1979, concerning the youth incentive entitlement projects authorized under this subpart. Included in the report shall be findings with respect to—

"(1) the number of youths enrolled at the time of the report;

"(2) the cost of providing employment opportunities to such youths;

"(3) the degree to which such employment oppor-

tunities have caused out-of-school youths to return to school or others to remain in school;

"(4) the number of youths provided employment in relation to the total which might have been eligible;

"(5) the kinds of jobs provided such youths and a description of the employers—public and private—providing such employment;

"(6) the degree to which on-the-job or apprenticeship training has been offered as part of the employment;

"(7) the estimated cost of such a program if it were to be extended to all areas;

"(8) the effect such employment opportunities have had on reducing youth unemployment in the areas of the prime sponsors operating a project; and

"(9) the impact of job opportunities provided under the project on other opportunities for youths in the area;

"Subpart 2—Youth Community Conservation and Improvement Projects

"STATEMENT OF PURPOSE

"SEC. 425. It is the purpose of this subpart to establish a program of community conservation and improvement projects to provide employment, work experience, skill training, and opportunities for community service to eligible youths, for a period not to exceed twelve months, supple-

mentary to but not replacing opportunities available under title II of this Act.

"DEFINITIONS

"SEC. 426. As used in this subpart, the term—

"(1) 'prime sponsor' means any prime sponsor designated under section 101 (c), Native American entities designated under section 302 (c) (1), and sponsors of migrant and seasonal farmworkers programs designated under section 303.

"(2) 'community improvement projects' means projects providing work which would not otherwise be carried out, including, but not limited to, the rehabilitation or improvement of public facilities; neighborhood improvements; weatherization and basic repairs to low-income housing; rehabilitation of low-income housing as part of a revitalization or stabilization effort; energy conservation including solar energy techniques, especially those utilizing materials and supplies available without cost; and conservation, maintenance, or restoration of natural resources on publicly held lands other than Federal lands.

"ALLOCATION OF FUNDS

"SEC. 427. (a) Funds available to carry out this subpart for any fiscal year shall be allocated in such a manner that not less than 85 per centum of such funds shall be

allocated among the States on the basis of the relative number of unemployed persons within each State as compared to all States, except that not less than one-half of 1 per centum of such funds shall be allocated for projects under this subpart within any one State and not less than one-half of 1 per centum of such funds shall be allocated in the aggregate for projects in Guam, the Virgin Islands, American Samoa, the Northern Marianas, and the Trust Territory of the Pacific Islands.

"(b) Of the funds available for this subpart, 2 per centum shall be available for projects for Native American eligible youths, and 2 per centum shall be available for projects for eligible youths in migrant and seasonal farmworker families.

"(c) The remainder of the funds available for this subpart shall be allocated as the Secretary deems appropriate.

"YOUTH COMMUNITY CONSERVATION AND IMPROVEMENT PROJECTS

"SEC. 428. The Secretary is authorized, in accordance with the provisions of this subpart, to enter into agreements with prime sponsors to pay the costs of youth community conservation and improvement projects to be carried out by project applicants employing eligible youths and appropriate supervisory personnel.

"PROJECT APPLICATIONS

"SEC. 429. (a) Project applicants shall submit project applications to the appropriate prime sponsor.

"(b) In accordance with regulations prescribed by the Secretary, each project application shall—

"(1) provide a description of the work to be accomplished by the project. the jobs to be filled, and the appropriate duration for which eligible youths would be assigned to such jobs;

"(2) describe the wages or salaries to be paid individuals employed in jobs assisted under this subpart; and

"(3) set forth assurances that there will be an adequate number of supervisory personnel on the project and that the supervisory personnel are eligible youths in migrant and seasonal farmworker families.

"(c) The remainder of the funds available for this subpart shall be allocated as the Secretary deems appropriate.

"YOUTH COMMUNITY CONSERVATION AND IMPROVEMENT PROJECTS

"SEC. 428. The Secretary is authorized, in accordance with the provisions of this subpart, to enter into agreements with prime sponsors to pay the costs of youth community conservation and improvement projects to be carried out by

project applicants employing eligible youths and appropriate supervisory personnel.

"PROJECT APPLICATIONS

"SEC. 429. (a) Project applicants shall submit project applications to the appropriate prime sponsor.

"(b) In accordance with regulations prescribed by the Secretary, each project application shall—

"(1) provide a description of the work to be accomplished by the project, the jobs to be filled, and the appropriate duration for which eligible youths would be assigned to such jobs;

"(2) describe the wages or salaries to be paid individuals employed in jobs assisted under this subpart;

"(3) set forth assurances that there will be an adequate number of supervisory personnel on the project and that the supervisory personnel are adequately trained in skills needed to carry out the project and can instruct participating eligible youths in skills needed to carry out a project;

"(4) set forth assurances that any income generated by the project will be applied toward the cost of the project;

"(5) set forth assurances for acquiring such space, supplies, materials, and equipment as necessary, includ-

ing reasonable payment for the purchase or rental thereof;

"(6) set forth assurances that, to the maximum extent feasible, projects carried out under this subpart shall be labor intensive; and

"(7) set forth such other assurances, arrangements, and conditions as the Secretary deems appropriate.

"PROGRAM SUPPLEMENTS

"SEC. 430. (a) Each prime sponsor desiring funds under this subpart shall submit a program supplement to the Secretary, including copies of, and summaries of, all project applications approved by it, and the recommendations of the prime sponsor concerning the relative priority attached to each project.

"(b) The program supplement shall—

"(1) describe the method of recruiting eligible youths, including a description of how such recruitment will be coordinated with programs under other provisions of this Act, including a description of arrangements with school systems and the public employment service (including school cooperative programs);

"(2) provide a description of job training and skill development opportunities that will be made available to participating eligible youths, as well as a

description of plans to coordinate the training and work experience with school-related programs, including the awarding of academic credit; and

"(3) set forth such other assurances as the Secretary may require.

"(c) (1) In order for a project application submitted by a project applicant to be submitted to the Secretary by any prime sponsor, copies of such application shall have been submitted to the prime sponsor's planning council established under section 109 of this Act (or an appropriate planning organization in the case of Native American prime sponsors under section 302(c)(1) of this Act or migrant and seasonal farmworkers program sponsors under section 303 of this Act) for the purpose of affording such council (and the youth council established under section 438) an opportunity to submit comments and recommendations with respect to that application to the prime sponsor.

"(2) Consistent with procedures established by the prime sponsor in accordance with regulations which the Secretary shall prescribe, the prime sponsor shall not disapprove a project application submitted by a project applicant unless it has first considered any comments and recommendations made by the planning council (or organization) and unless it has provided such project applicant and planning council

(or organization) with a written statement of its reasons for such disapproval.

"APPROVAL OF PROGRAM SUPPLEMENTS

"SEC. 431. (a) The Secretary may approve or deny on an individual basis any of the project applications submitted as part of any program supplement.

"(b) No funds shall be made available to any prime sponsor except pursuant to a program supplement approved by the Secretary in which the prime sponsor provides assurances satisfactory to the Secretary that—

"(1) the applicable standards set forth in this part will be satisfied;

"(2) projects will be conducted in such manner as to permit eligible youths employed in the project who are in school to coordinate their jobs with classroom instruction; and, to the extent feasible, to permit such eligible youths to receive credit from the appropriate educational agency, post-secondary institution, or particular school involved; and

"(3) meet such other assurances, arrangements, and conditions as the Secretary deems appropriate.

"WORK LIMITATION

"SEC. 432. No eligible youth shall be employed for more than twelve months in work financed under this subpart, except as prescribed by the Secretary.

"Subpart 3—Youth Employment and Training Programs

"STATEMENT OF PURPOSE

"SEC. 433. It is the purpose of this subpart to establish programs designed to make a significant long-term impact on the structural unemployment problems of youth, supplementary to but not replacing programs and activities available under title II of this Act, to enhance the job prospects and career opportunities of young persons, including employment, community service opportunities, and such training and supportive services as are necessary to enable participants to secure suitable and appropriate unsubsidized employment in the public and private sectors of the economy. To the maximum extent feasible, training and employment opportunities afforded under this subpart will be interrelated and mutually reinforcing so as to achieve the goal of enhancing the job prospects and career opportunities of youths served under this subpart.

"PROGRAMS AUTHORIZED

"SEC. 434. (a) The Secretary is authorized to provide financial assistance to enable prime sponsors to provide employment opportunities and appropriate training and supportive services for eligible youths including but not limited to—

"(1) useful work experience opportunities in a

wide range of community betterment activities such as rehabilitation of public properties, assistance in the weatherization of homes occupied by low-income families, rehabilitation of low-income housing as part of a community revitalization or stabilization program, demonstrations of energy-conserving measures including solar energy techniques (especially those utilizing materials and supplies available without cost), park establishment and upgrading, neighborhood revitalization, conservation and improvements, and related activities;

"(2) productive employment and work experience in fields such as education, health care, neighborhood transportation services, crime prevention and control, environmental quality control, preservation of historic sites, and maintenance of visitor facilities;

"(3) appropriate training and services to support the purpose of this subpart, including but not limited to—

"(A) outreach, assessment, and orientation;

"(B) counseling, including occupational information and career counseling;

"(C) activities promoting education to work transition;

"(D) development of information concerning the labor market, and provision of occupational, educational, and training information;

"(E) services to youth to help them obtain and retain employment;

"(F) literacy training and bilingual training;

"(G) attainment of certificates of high school equivalency;

"(H) job sampling, including vocational exploration in the public and private sector;

"(I) institutional and on-the-job training, including development of basic skills and job skills;

"(J) transportation assistance;

"(K) child care and other necessary supportive services;

"(L) job restructuring to make jobs more responsive to the objectives of this subpart, including assistance to employers in developing job ladders or new job opportunities for eligible youths, in order to impove work relationships between employers and such youths;

"(M) community-based central intake and information services for eligible youth;

"(N) job development, direct placement, and placement assistance to secure unsubsidized employ-

ment opportunities for eligible youth to the maximum extent feasible, and referral to employability development programs;

"(O) programs to overcome sex-stereotyping in job development and placement; and

"(P) programs and outreach mechanisms to increase the labor force participation rate among minorities and women.

"(b) In order to carry out this subpart, a Governor or a prime sponsor may enter into contracts with project applicants (as defined in section 126) or employers organized for profit, but payments to such employers shall not exceed the amounts permitted under section 211(7), or may operate programs directly if, after consultation with appropriate community based organizations and nonprofit groups, the Governor or the prime sponsor determines that such direct operation will promote the purposes of this subpart.

"ALLOCATION OF FUNDS

"SEC. 435. (a) From the sums available for this subpart—

"(1) an amount equal to 75 per centum shall be made available to prime sponsors designated under section 101(c) for programs authorized under section 434 of this Act;

"(2) an amount equal to 5 per centum of the amount available for this part shall be made available to Governors for special statewide youth services under subsection (c) of this section;

"(3) an amount equal to not less than 2 per centum of the amount available for this part shall be made available for employment and training programs for Native American eligible youths (deducting such amounts as are made available for such purposes under section 427(b) of this Act);

"(4) an amount equal to not less than 2 per centum of the amount available for this part shall be made available for employment and training programs for eligible youths in migrant and seasonal farmworker families (deducting such amounts as are made available for such purposes under section 427(b) of this Act); and

"(5) the remainder of the funds available for this subpart shall be available for the Secretary's discretionary projects authorized under section 439.

"(b) (1) Amounts available for each of the purposes set forth in paragraphs (1) and (2) of subsection (a) shall be allocated among the States in such a manner that—

"(A) 37.5 per centum thereof shall be allocated in accordance with the relative number of unemployed per-

sons within each State as compared to the total number of such unemployed persons in all States;

"(B) 37.5 per centum thereof shall be allocated in accordance with the relative number of persons residing in areas of substantial unemployment (as defined in section 126 of of this Act) within each State as compared to the total number of unemployed persons residing in all such areas in all States; and

"(C) 25 per centum thereof shall be allocated in accordance with the relative number of persons in families with an annual income below the low-income level (as defined in section 126 of this Act) within each State as compared to the total number of such persons in all States.

"(2) Amounts available to prime sponsors under paragraph (1) of subsection (a) of this section shall, out of the total amounts allocated to each State under such paragraph, be allocated by the Secretary among prime sponsors within each State, in accordance with the factors set forth in paragraph (1) of this subsection.

"(c) The amount available to the Governor of each State under paragraph (2) of subsection (a) of this section shall be used in accordance with a special statewide

youth services plan, approved by the Secretary, for such purposes as—

"(1) providing financial assistance for employment and training opportunities for eligible youths who are under the supervision of the State;

"(2) providing labor market and occupational information to prime sponsors and local educational agencies, without reimbursement;

"(3) providing for the establishment of cooperative efforts between State and local institutions, including occupational and career guidance and counseling and placement services for in-school and out-of-school youth;

"(4) providing financial assistance for expanded and experimental programs in apprenticeship trades, or development of new apprenticeship arrangements, in concert with appropriate businesses and labor unions and State apprenticeship councils;

"(5) carrying out special model employment and training programs and related services between appropriate State agencies and prime sponsors in the State, or any combination of such prime sponsors, including subcontractors selected by prime sponsors, with particular emphasis on experimental job training within the private sector.

"(d) (1) Not less than 22 per centum of the amount allocated to each prime sponsor under paragraph (1) of subsection (a) of this section shall be used for programs under this subsection.

"(2) The amount available to each prime sponsor under paragraph (1) of this subsection shall be used for the programs for in-school youth carried out pursuant to agreements between prime sponsors and local educational agencies. Each such agreement shall describe in detail the employment opportunities and appropriate training and supportive services which shall be provided to eligible youth who are enrolled or who agree to enroll in a full-time program leading to a secondary school diploma, a junior or community college degree, or a technical or trade school certificate of completion. Each such agreement shall contain provisions to assure that funds received pursuant to the agreement will not supplant State and local funds expended for the same purpose.

"(e) Programs receiving assistance under paragraph (1) of subsection (a) of this section shall give special consideration in carrying out programs authorized under section 434 of this Act, to community based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action

Agencies, union-related organizations, employer-related nonprofit organizations, and other similar organizations.

"PRIME SPONSORS

"SEC. 436. Prime sponsors for purposes of this subpart, are prime sponsors designated under section 101 (c) of this Act, Native American entities designated under section 302 (c) (1) of this Act, and sponsors of migrant and seasonal farmworker programs designated under section 303.

"ELIGIBILITY FOR PARTICIPATION

"SEC. 437. (a) To participate in programs authorized under this subpart a person shall be an eligible youth, as defined in section 401, except that, pursuant to regulations which the Secretary shall prescribe, other youth who would be eligible except that they are not economically disadvantaged may participate in appropriate activities of the type authorized under paragraph (3) of section 434 (a).

"(b) Notwithstanding the provisions of section 401, 10 percent of the funds available for this subpart may be used for programs which include non-economically disadvantaged youths.

"CONDITIONS FOR RECEIPT OF FINANCIAL ASSISTANCE

"SEC. 438. (a) The Secretary shall not provide financial assistance to a prime sponsor for programs authorized under section 434 unless such prime sponsor provides as-

surances that the applicable standards will be met and unless such prime sponsor submits a program supplement pursuant to section 103. Each such program supplement shall—

"(1) describe the programs, projects or activities to be carried out with such assistance, together with a description of the relationship and coordination of services provided to eligible youths under this subpart with similar services offered by local educational agencies, postsecondary institutions, the public employment service, other youth programs, community based organizations, businesses and labor organizations consistent with the applicable requirements of this Act, and assurances that, to the maximum extent feasible, use will be made of any services that are available without reimbursement by the State employment service that will contribute to the achievement of the purposes of this subpart;

"(2) include assurances that services to youth under title II shall not be reduced because of the availability of financial assistance under this subpart;

"(3) provide assurances, satisfactory to the Secretary, that in the implementation of programs under this subpart, there will be coordination, to the extent appropriate, with local educational agencies, postsecondary

institutions, community based organizations, businesses, labor organizations, job training programs, other youth programs, the apprenticeship system, and (with respect to the referral of prospective youth participants to the program) the public employment service system;

"(4) provide assurance satisfactory to the Secretary that allowances will be paid in accordance with the provisions of section 124 of this Act and such regulations as the Secretary may prescribe;

"(5) provide assurances that the proposed program supplement will be reviewed by the appropriate prime sponsor planning council established in accordance with the provisions of section 109 (or an appropriate planning organization under sections 302 or 303);

"(6) provide assurances that a youth council will be established under the prime sponsor planning council or other appropriate planning organization in accordance with subsection (b) of this section;

"(7) provide assurances satisfactory to the Secretary that effective means will be provided through which youths participating in the projects, program, and activities may acquire appropriate job skills and be given necessary basic education and training, and that suitable arrangements will be established to docu-

ment the competencies, including skills, education and training, derived by each participant from programs established under this subpart;

"(8) provide assurances that the prime sponsor will take appropriate steps to develop new job classifications, new occupations, and restructured jobs;

"(9) provide that the funds available under section 435(d) shall be used for programs authorized under section 434 for in-school eligible youth through arrangements to be carried out by a local educational agency or agencies or postsecondary educational institution or institutions; and

"(10) provide such other information and assurances as the Secretary may deem appropriate to carry out the purposes of this subpart.

"(b) Each youth council established by a prime sponsor shall be responsible for making recommendations to the planning council or organization, as appropriate, with respect to planning and review of activities conducted under this subpart and subpart 2. Each such youth council's membership shall include representation from the local educational agency, local vocational education advisory council, postsecondary educational institutions, business, unions, the public employment service, local government and nongov-

ernment agencies and organizations which are involved in meeting the special needs of youths, the community, the prime sponsor, and eligible youths.

"(c) No program of work experience for in-school youth supported under this subpart shall be entered into unless an agreement has been made between the prime sponsor and a local educational agency or agencies, after review by the youth council established under subsection (b) of this section. Each such agreement shall—

"(1) set forth assurances that participating youths will be provided meaningful work experience, which will improve their ability to make career decisions and which will provide them with basic work skills needed for regular employment not subsidized under this in-school program;

"(2) be administered, under agreements with the prime sponsor, by a local educational agency or agencies or a postsecondary educational institution or institutions within the area served by the prime sponsor, and set forth assurances that such agreements have been reviewed by the youth council;

"(3) set forth assurances that job information, counseling, guidance, and placement services will be made available to participating youths and that funds provided under this program will be available to, and utilized by,

the local educational agency or agencies to the extent necessary to pay the cost of school-based counselors to carry out the provisions of this in-school program;

"(4) set forth assurances that jobs provided under this program will be certified by the participating educational agency or institution as relevant to the educational and career goals of the participating youths;

"(5) set forth assurances that the prime sponsor will advise participating youths of the availability of other employment and training resources provided under this Act, and other resources available in the local community to assist such youths in obtaining employment, and

"(6) set forth assurances that youth participants will be chosen from among eligible youths who need work to remain in school, and shall be selected by the appropriate educational agency or institution, based on certification for each participating youth by the school-based guidance counselor that the work experience provided is an appropriate component of the overall educational program of each youth.

"SECRETARY'S DISCRETIONARY PROJECTS

"SEC. 439. (a) (1) The Secretary of Labor is authorized, either directly or by way of contract or other arrangement, with prime sponsors, public agencies and private

organizations to carry out innovative and experimental programs to test new approaches for dealing with the unemployment problems of youth and to enable eligible youths to prepare for, enhance their prospects for, or secure employment in occupations through which they may reasonably be expected to advance to productive working lives. Such programs shall include, where appropriate, cooperative arrangements with educational agencies to provide special programs and services for eligible youths enrolled in secondary schools, postsecondary educational institutions and technical and trade schools, including job experience, counseling and guidance prior to the completion of secondary or postsecondary education and making available occupational, educational, and training information through statewide career information systems.

"(2) In carrying out such programs, the Secretary of Labor shall consult, as appropriate, with the Secretary of Commerce, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of Agriculture, the Director of the ACTION Agency, and the Director of the Community Services Administration.

"(3) Funds available under this section may be transferred to other Federal departments and agencies to carry

out functions delegated to them pursuant to arrangements with the Secretary.

"(b) Special consideration in carrying out innovative and experimental programs assisted under this section shall be given to community based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer-related nonprofit organizations, and other similar organizations.

"Part B—Job Corps

"STATEMENT OF PURPOSE

"SEC. 450. This part establishes a Job Corps for economically disadvantaged young men and women, sets forth standards and procedures for selecting individuals as enrollees in the Job Corps, authorizes the establishment of residential and nonresidential centers in which enrollees will participate in intensive programs of education, vocational training, work experience, counseling and other activities, and prescribes various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps. The purpose of this part is to assist young persons who need and can benefit from an unusually intensive pro-

gram, operated in a group setting, to become more responsible, employable, and productive citizens; and to do so in a way that contributes, where feasible, to the development of National, State, and community resources, and to the development and dissemination of techniques for working with the disadvantaged that can be widely utilized by public and private institutions and agencies.

"ESTABLISHMENT OF THE JOB CORPS

"SEC. 451. There is established within the Department of Labor a 'Job Corps'.

"INDIVIDUALS ELIGIBLE FOR THE JOB CORPS

"SEC. 452. To become an enrollee in the Job Corps, a young man or woman must be an eligible youth who—

"(1) requires additional education, training, or intensive counseling and related assistance in order to secure and hold meaningful employment, participate successfully in regular school work, qualify for other suitable training programs, or satisfy Armed Forces requirements;

"(2) is currently living in an environment so characterized by cultural deprivation, a disruptive homelife, or other disorienting conditions as to substantially impair prospects for successful participation in other programs providing needed training, education, or assistance;

"(3) is determined, after careful screening as provided for in sections 453 and 454 to have the present capabilities and aspirations needed to complete and secure the full benefit of the Job Corps and to be free of medical and behavioral problems so serious that the individual could not adjust to the standards of conduct, discipline, work, and training which the Job Corps involves; and

"(4) meets such other standards for enrollment as the Secretary may prescribe and agrees to comply with all applicable Job Corps rules and regulations.

"SCREENING AND SELECTION OF APPLICANTS—GENERAL PROVISIONS

"SEC. 453. (a) The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps. To the extent practicable, these rules shall be implemented through arrangements with agencies and organizations such as community action agencies, public employment offices, professional groups, labor organizations, and agencies and individuals having contact with youths over substantial periods of time and able to offer reliable information as to their needs and problems; and shall provide for necessary consultation with other individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and

advisers. The rules shall also provide for the interviewing of each applicant for the purpose of—

"(1) determining whether the applicant's educational and vocational needs can best be met through the Job Corps or an alternative program in the applicant's home community;

"(2) obtaining from the applicant pertinent data relating to background, needs, and interests for determining eligibility and potential assignment; and

"(3) giving the applicant a full understanding of the Job Corps and what will be expected of an enrollee in the event of acceptance.

"(b) The Secretary shall make no payments to any individual or organization solely as compensation for referring the names of candidates for Job Corps.

"(c) The Secretary shall assure that Job Corps enrollees include an appropriate number of candidates selected from rural areas, taking into account the proportions of eligible youth who reside in rural areas and the need to provide residential facilities for such youth.

"SCREENING AND SELECTION—SPECIAL LIMITATIONS

"SEC. 454. (a) No individual shall be selected as an enrollee unless there is reasonable expectation that the individual can participate successfully in group situations and

activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the center to which the individual might be assigned and surrounding communities, and unless the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe those rules. Before selecting an individual who has a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other major behavioral aberrations, the Secretary shall obtain a finding from a professionally qualified person who knows such individual's situation that there is reasonable expectation that the individual's conduct will not be inimical to the Job Corps and that the Job Corps will help to overcome the individual's problem.

(b) An individual on probation or parole may be selected only if release from the supervision of the probation or parole officials is satisfactory to those officials and the Secretary, does not violate applicable laws or regulations, and the Secretary has arranged to supervise the individual and provide all required reports to State or other authorities.

"ENROLLMENT AND ASSIGNMENT

"SEC. 455. (a) No individual may be enrolled in the Job Corps for more than two years, except as the Secretary may authorize in special cases.

"(b) Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

"(c) After the Secretary has determined whether an enrollee is to be assigned to a Job Corps Center or a Job Corps Civilian Conservation Center, the enrollee shall be assigned to the center of the appropriate type which is closest to the enrollee's home, except that the Secretary may waive this requirement for good cause, including to insure an equitable opportunity for youth from various sections of the country to participate in the program, to prevent undue delays in assignment, to adequately meet the educational or other needs of an enrollee, and for efficiency and economy in the operation of the program.

"JOB CORPS CENTERS

"SEC. 456. (a) The Secretary may make agreements with Federal, State, or local agencies, or private organizations for the establishment and operation of Job Corps centers. Job Corps centers may be residential or nonresidential in character, or both, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with

education, vocational training, work experience (either in direct program activities or through arrangements with employers), counseling, and other services appropriate to their needs. The centers shall include Civilian Conservation Centers, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest. The centers shall also include training centers located in either urban or rural areas which shall provide activities including training and other services for specific types of skilled or semi-skilled employment.

"(b) To the extent feasible, Job Corps centers shall offer education and vocational training opportunities, together with supportive services, on a nonresidential basis to participants in other programs under this Act. Such opportunities may be offered on a reimbursable basis or through such other arrangements as the Secretary may specify.

"PROGRAM ACTIVITIES

"SEC. 457. (a) Each Job Corps center shall provide enrollees with an intensive, well-organized and fully supervised program of education, vocational training, work experience, planned vocational and recreational activities, physical rehabilitation and development, and counseling. To the

fullest extent feasible, the required program shall include activities to assist enrollees in choosing realistic career goals, coping with problems they may encounter in home communities, or in adjusting to new communities, and planning and managing daily affairs in a manner that will best contribute to long-term upward mobility. Center programs shall include required participation in center maintenance work to assist enrollees in increasing their sense of contribution, responsibility and discipline.

"(b) The Secretary may arrange for enrollee education and vocational training through local public or private educational agencies, vocational educational institutions, or technical institutes, whenever such institutions provide training substantially equivalent in cost and quality to that which the Secretary could provide through other means.

"(c) To the extent feasible, arrangements for education both on and off center shall provide opportunities for qualified enrollees to obtain the equivalent of a certificate of graduation from high school. The Secretary, with the concurrence of the Secretary of Health, Education, and Welfare, shall develop certificates to be issued to each enrollee who satisfactorily completes his or her service in the Job Corps and which will reflect the enrollee's level of educational attainment.

"ALLOWANCES AND SUPPORT

"SEC. 458. (a) The Secretary shall provide enrollees with such personal, travel and leave allowances, and such quarters, subsistence, transportation, equipment, clothing, recreational services, and other allowances as the Secretary determines are appropriate. Allowances shall be graduated up to maximum to encourage continued participation, achievement and the best use of the funds by enrollees, and may be reduced in appropriate cases as a disciplinary measure. To the degree reasonable, enrollees shall be required to contribute from their personal allowances to costs associated with their comfort and enjoyment.

"(b) The Secretary shall prescribe rules governing the accrual of leave by enrollees.

"(c) The Secretary may provide each enrollee upon termination a readjustment allowance at an appropriate rate. No enrollee who has not remained in the program at least 90 days may be paid a readjustment allowance, except in unusual circumstances as determined by the Secretary. The Secretary may advance to or on behalf of an enrollee such portions of the readjustment allowance as the Secretary deems necessary to meet extraordinary financial obligations incurred by the enrollee; and, pursuant to regulations, may reduce the amount of an enrollee's readjustment allowances

as a penalty for misconduct during participation. If an enrollee dies during the period of service, the readjustment allowance shall be paid in accordance with section 5582 of title 5, United States Code.

"(d) Such portion of the readjustment allowance as prescribed by the Secretary may be paid monthly during the period of service of the enrollee directly to a spouse or child of an enrollee, or to any other relative who draws substantial support from the enrollee, and any amount so paid shall be supplemented by the payment of an equal amount by the Secretary.

"STANDARDS OF CONDUCT

"SEC. 459. (a) Within Job Corps centers standards of conduct shall be provided and stringently enforced. If violations are committed by enrollees, dismissal from the Corps or transfers to other locations shall be made if it is determined that retention in the Corps, or in the particular center, will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

"(b) To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees including, but not limited to, dismissal from the Job Corps, subject to expeditious appeal to the Secretary.

"COMMUNITY PARTICIPATION

"SEC. 460. The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers and nearby communities. These activities shall include the establishment of community advisory councils to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest. Youth participation in advisory council affairs shall be encouraged and separate youth councils may be established composed of enrollees and young people from the communities. The Secretary shall assure that each center is operated with a view to achieving, so far as possible, objectives which shall include—

"(1) giving community officials appropriate advance notice of changes in center rules, procedures, or activities that may affect or be of interest to the community;

"(2) affording the community a meaningful voice in center affairs of direct concern to it, including policies governing the issuance and terms of passes to enrollees;

"(3) providing center officials with full and rapid access to relevant community groups and agencies, including law enforcement agencies and agencies which work with young people in the community;

"(4) encouraging the fullest practicable participation of enrollees in programs for community improvement or betterment, with appropriate advance consultation with business, labor, professional, and other interested community groups;

"(5) arranging recreational, athletic, or similar events in which enrollees and local residents may participate together;

"(6) providing community residents with opportunities to work with enrollees directly as part-time instructors, tutors, or advisers, either in the center or in the community;

"(7) developing, where feasible, job or career opportunities for enrollees in the community; and

"(8) promoting interchanges of information and techniques among, and cooperative projects involving, the center and community schools, educational institutions, agencies serving young people and recipients of funds under this Act.

"COUNSELING AND JOB PLACEMENT

"SEC. 461. (a) The Secretary shall counsel and test each enrollee at regular intervals to measure progress in educational and vocational programs.

"(b) The Secretary shall counsel and test enrollees prior to their scheduled terminations to determine their

capabilities and shall make every effort to place them in jobs in the vocation for which they are trained or to assist them in attaining further training or education. In placing enrollees in jobs, the Secretary shall utilize the public employment service system to the fullest extent possible.

"(c) The Secretary shall determine the status and progress of terminees and make every effort to assure that their needs for further education, training, and counseling are met.

"(d) The Secretary shall arrange for the readjustment allowance to be paid to former enrollees (who have not already found employment) at the State employment service office nearest the home of any such former enrollee who is returning home, or at the nearest such office where the former enrollee has indicated an intent to reside. If the Secretary uses any other public agency or private organization in lieu of the public employment service system, the Secretary shall arrange for that organization or agency to pay the readjustment allowance.

"EXPERIMENTAL AND DEVELOPMENTAL PROJECTS

"SEC. 462. (a) The Secretary may undertake experimental, research, or demonstration projects to develop or test ways of better using facilities, encouraging a more rapid adjustment of enrollees to community life that will permit a reduction in their period of enrollment, reducing transporta-

tion and support costs, or otherwise promoting greater efficiency and effectiveness in the program. These projects shall include one or more projects providing youths with education, training, and other supportive services on a combined residential and nonresidential basis. The Secretary may undertake one or more pilot projects designed to involve youth who have a history of serious and violent behavior against persons or property, repetitive delinquent acts, narcotics addiction, or other behavioral aberrations. Projects under this subsection shall be developed after appropriate consultation with other Federal or State agencies conducting similar or related programs or projects and with the prime sponsors in the communities where the projects will be carried out. They may be undertaken jointly with other Federal or federally assisted programs, and funds otherwise available for activities under those programs shall, with the consent of the head of any agency concerned, be available for projects under this section to the extent they include the same or substantially similar activities. The Secretary may waive any provision of this part which the Secretary finds would prevent the carrying out of elements of projects under this subsection essential to a determination of their feasibility and usefulness. The Secretary shall, in the annual report of the Secretary, report to the Congress concerning the actions taken under this section, including a full description of progress made in

connection with combined residential and nonresidential projects.

"(b) In order to determine whether upgraded vocational education schools could eliminate or substantially reduce the school dropout problem, and to demonstrate how communities could make maximum use of existing educational and training facilities, the Secretary, in cooperation with the Secretary of Health, Education, and Welfare, may enter into one or more agreements with State educational agencies to pay the cost of establishing and operating model community vocational education schools and skill centers.

"ADVISORY BOARDS AND COMMITTEES

"SEC. 463. The Secretary may make use of advisory committees in connection with the operation of the Job Corps, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

"PARTICIPATION OF THE STATES

"SEC. 464. (a) The Secretary shall take action to facilitate the effective participation of States in the Job Corps programs, including, but not limited to, consultation with

appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards of enrollee conduct and discipline, the development of meaningful work experience and other activities for enrollees, and coordination with State-operated programs.

"(b) The Secretary may enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Secretary may, pursuant to regulations, pay part or all of the costs of such programs.

"(c) No Job Corps center or other similar facility designed to carry out the purpose of this part shall be established within a State unless a notice setting forth such proposed establishment has been submitted to the Governor, and the establishment has not been disapproved by the Governor within thirty days of such submission.

"(d) All property which would otherwise be under exclusive Federal legislative jurisdiction shall be under concurrent jurisdiction with the appropriate State and locality with respect to criminal law enforcement as long as a Job Corps center is operated on such property.

"APPLICATION OF PROVISIONS OF FEDERAL LAW

"SEC. 465. (a) Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees in the Job Corps shall not be considered

Federal employees and shall not be subject to the provisions of law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

"(b) The Secretary may enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purpose of this part. The Secretary may, pursuant to regulations, pay part or all of the costs of such programs.

"(c) No Job Corps center or other similar facility designed to carry out the purpose of this part shall be established within a State unless a notice setting forth such proposed establishment has been submitted to the Governor, and the establishment has not been disapproved by the Governor within thirty days of such submission.

"(d) All property which would otherwise be under exclusive Federal legislative jurisdiction shall be under concurrent jurisdiction with the appropriate State and locality with respect to criminal law enforcement as long as a Job Corps center is operated on such property.

"APPLICATION OF PROVISIONS OF FEDERAL LAW

"SEC. 465. (a) Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees in the Job Corps shall not be considered Federal employees and shall not be subject to the provisions of

law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

"(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.) enrollees shall be deemed employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

"(2) For purposes of subchapter I of chapter 81 of title 5 of the United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except as follows:

"(A) The term 'performance of duty' shall not include any act of an enrollee while absent from his or her assigned post of duty, except while participating in an activity (including an activity while on pass or during travel to or from such post or duty) authorized by or under the direction and supervision of the Job Corps;

"(B) In computing compensation benefits for disability or death, the monthly pay of an enrollee shall be deemed that received under the entrance salary for a grade GS–2 employee, and sections 8113 (a) and (b) of title 5, United States Code, shall apply to enrollees; and

"(C) Compensation for disability shall not begin to accure until the day following the date on which the injured enrollee is terminated.

"(3) For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered employees of the Government.

"(b) Whenever the Secretary finds a claim for damages to persons or property resulting from the operation of the Job Corps to be a proper charge against the United States, and it is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle it in an amount not exceeding $1,500.

"(c) Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade therein.

"SPECIAL PROVISIONS

"SEC. 466. (a) The Secretary shall immediately take steps to achieve an enrollment of 50 per centum women in the Job Corps consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

"(b) The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of the Job Corps program shall become the property of the United States.

"(c) Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts.

"GENERAL PROVISIONS

"SEC. 467. The Secretary is authorized to—

"(a) disseminate, with regard to the provisions of section 4154 of title 39, United States Code, data and information in such forms as the Secretary shall deem appropriate, to public agencies, private organizations, and the general public;

"(b) collect or compromise all obligations to or held by the Secretary and all legal or equitable rights accruing to the Secretary in connection with the pay-

ment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection; and

"(c) expend funds made available for purposes of this part—

"(1) for printing and binding, in accordance with applicable law and regulation; and

"(2) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by the Secretary; but the Secretary shall not utilize the authority contained in this subparagraph—

"(A) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this part, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form or under the conditions in which it is needed; and

"(B) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Admin-

istration) of the Secretary's intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority.

"UTILIZATION OF FUNDS

"SEC. 468. Notwithstanding the limitations of title II and part C of this title, financial assistance under title II and part C of this title which is used for the Job Corps program, may be used in accordance with the provisions of this part.

"PART C—Summer Youth Program

"ESTABLISHMENT OF PROGRAM

"SEC. 480. (a) The Secretary shall provide financial assistance to prime sponsors to conduct programs for eligible youth during the summer months.

"(b) Programs shall provide eligible youth with useful work and sufficient basic education and institutional or on-the-job training to assist these youths to develop their maximum occupational potential and to obtain employment not subsidized under this Act.

"PRIME SPONSORS

"SEC. 481. Prime sponsors eligible for assistance under this part shall be prime sponsors designated under section 101(c) and Native American entities designated under section 302(c)(1).

"FINANCIAL ASSISTANCE

"SEC. 482. (a) In order to receive financial assistance under this part, a prime sponsor shall submit to the Secretary a program supplement pursuant to section 103.

"(b) The funds appropriated for this part in any fiscal year shall be allocated according to the procedures set forth in subsection (c) except that the Secretary may reserve up to 5 percent of the appropriated funds to be used in the Secretary's discretion.

"(c) In allocating funds under this part, the Secretary shall add to the new appropriation the total amount of summer funds unspent in the previous year's summer program.

"(1) Funds for prime sponsors designated under section 101 (c) shall be allocated as follows:

"(A) (i) 50 percent of such funds shall be allocated on the basis of each prime sponsor's proportion of the funds allocated for the previous year's summer programs;

"(ii) 37½ per centum of the funds shall be allocated based on the ratio of the annual average number of unemployed persons in the prime sponsor's area to the total annual average number of unemployed persons in the United States;

"(iii) 12½ per centum of the funds shall be allocated based on the ratio of the number of adults in low-income families in the prime sponsor's area to the total

number of adults in low income families in the United States; except that—

"(B) each prime sponsor shall receive an allocation which, when added to its unexpended allocation for the previous fiscal year, shall be at least equal to the amount available to it for its summer program in the previous fiscal year.

"(2) Funds for Native American prime sponsors designated under section 302(c)(1) shall be allocated based on the ratio of the number of Native American youths 14 through 21 years of age inclusive in the eligible prime sponsor's area to the total number of Native American youths 14 through 21 years of age inclusive in all Native American prime sponsor areas, except that each Native American prime sponsor shall receive an amount of funds equal to the amount allocated to it in the previous fiscal year.

"(3) The total allocation to Guam, the Virgin Islands, American Samoa, Northern Marianas, and the Trust Territory of the Pacific Islands shall be equal to the same percentage of the funds allocated to Guam, the Virgin Islands, American Samoa, Northern Marianas, and the Trust Territory of the Pacific Islands under the previous year's summer program.

"SECRETARIAL AUTHORITY

"SEC. 483. Programs under this part shall meet such regulations, standards, and guidelines as the Secretary shall establish.

"TITLE V—NATIONAL COMMISSION FOR EMPLOYMENT AND TRAINING POLICY

"STATEMENT OF PURPOSE

"SEC. 501. The purpose of this title is to establish a National Commission for Employment and Training Policy which will have the responsibility for examining broad issues of development, coordination and administration of employment and training programs, and for advising the Secretary on national employment and training issues.

"COMMISSION ESTABLISHED

"SEC. 502. (a) There is established a National Commission for Employment and Training Policy (formerly known as the National Commission for Manpower Policy and hereinafter referred to as the 'Commission') which shall consist of twenty-seven members selected as follows—

"(1) The Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Defense, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of the Interior, the Secretary of Energy, the Secretary of Transportation, the Secre-

tary of Housing and Urban Development, the Administrator of Veterans Affairs, the Chairperson of the Equal Employment Opportunity Commission, and the Director of the Community Services Administration; and

"(2) A representative of the National Advisory Council on Vocational Education created pursuant to section 152 of the Vocational Education Act of 1963; and

"(3) Fourteen members broadly representative of labor, industry, commerce, education (including vocational and technical education), veterans, State and local elected officials, community-based organizations, persons served by employment and training programs and of the general public appointed by the President for terms of two years beginning at the start of a fiscal year, except that (A) appointments to fill the unexpired portion of any term shall be for such portion only and (B) the terms, for which the first members are appointed, shall begin October 1, 1978, of which seven terms shall be for one year, and seven for two years.

"(b) The Commission shall meet not fewer than three times a year at the call of the Chairperson who shall be selected by the President and who shall be one of the 14 appointed public members.

"(c) The Chairperson (with the concurrence of the

Commission) shall appoint a Director, who shall be chief executive officer of the Commission and shall perform such duties as are prescribed by the Chairperson. The Director may appoint, with the concurrence of the Chairperson and the Secretary of Labor, such clerical staff as are necessary. The Commission may utilize such staff from the Department of Labor, the Department of Health, Education, and Welfare, and such other Federal agencies as may be available to assist the Commission in carrying out its responsibilities.

"(d) The Commission may accept in the name of the Department of Labor and employ or dispose of gifts or bequests, to carry out its responsibilities under this title.

"(e) Members of the Commission who are not officers or employees of the Federal Government shall be paid compensation at a rate of up to the per diem equivalent to the rate for GS–18 when engaged in the work of the Commission, including travel time, and shall be allowed travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed, basis.

"FUNCTIONS OF THE COMMISSION

"SEC. 503. The Commission shall—

"(1) identify the employment and training goals and needs of the Nation and assess the extent to which

employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity, and other programs under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals;

"(2) conduct such studies, hearings, research, or other activities as it deems necessary to enable it to formulate appropriate recommendations;

"(3) examine and evaluate the effectiveness of any federally assisted employment and training programs (including those assisted under this Act), with particular reference to the contributions of such programs to the achievement of objectives sought by the recommendations under clause (2) of this section;

"(4) examine and evaluate major Federal programs which are intended to (or potentially could) contribute to achieving major objectives of existing employment and training and related legislation or those set forth in the recommendations of the Commission and particularly the programs which are designed (or could be designed) to develop information and knowledge about employment and training problems through research and demonstration projects or to train personnel in fields (such as [illegible]ational counseling, guidance,

and placement) which are vital to the success of employment and training programs;

"(5) (i) identify, after consultation with the National Advisory Council on Vocational Education, the employment and training and vocational education needs of the Nation and assess the extent to which employment training, vocational education, vocational rehabilitation, and other programs assisted under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs; and (ii) comment, at least once annually, on the reports of the National Advisory Council on Vocational Education which comments shall be included in one of the reports submitted by the National Commission pursuant to this title and in one of the reports submitted by the National Advisory Council on Vocational Education pursuant to section 162 of the Vocational Education Act of 1963; and

"(ii) evaluate and continue to study and make recommendations to the Congress on the impact of energy shortages and new energy developments upon employment and training needs and include these findings and recommendations with respect thereto in the reports required by section 504.

"REPORTS

"SEC. 504. The Commission shall make at least annually a report of its findings and recommendations to the President and the Congress. The Commission may make such interim reports or recommendations to the Congress, the President, Secretary of Labor, or to the heads of other Federal departments and agencies, and in such form, as it may deem desirable.

"TITLE VI—PUBLIC SERVICE EMPLOYMENT PROGRAM

"STATEMENT OF PURPOSE

"SEC. 601. It is the purpose of this title to provide eligible persons who are unemployed with transitional employment in entry level jobs providing needed public services in areas qualifying for assistance, and related training and services to enable such persons to move into employment or training not supported under this Act.

"AUTHORIZATION

"SEC. 602. (a) There are authorized to be appropriated for fiscal year 1979, and each of the three succeeding fiscal years, such sums as may be necessary to carry out the purposes of this title. Amounts appropriated under this title shall remain available until expended.

"(b) Funds appropriated pursuant to this section for fiscal year 1980 and each of the two succeeding fiscal

years shall be made available for obligation only in the following manner:

"(1) In each such fiscal year, the amount of $1,000,000,000 shall be made available for obligation.

"(2) In each calendar quarter, if the national unemployment rate for the preceding calendar quarter was in excess of 4.75 percent, additional amounts shall be made available for obligation equal to the sum of—

"(A) $1,000,000,000; and

"(B) the product obtained when $1,000,000,000 is multiplied by the number of whole one-half percentage points by which the national unemployment rate for the preceding calendar quarter was in excess of 4.75 per centum; except that the sum so calculated shall be reduced (but not below zero) by an amount equal to any funds already made available for obligation under the terms of this paragraph (2) in the three calendar quarters preceding the current calendar quarter.

"FINANCIAL ASSISTANCE

"SEC. 603. (a) In order to be eligible to receive financial assistance under this title for any fiscal year, a prime sponsor shall submit to the Secretary a public service employment program supplement pursuant to section 103.

"(b) Not less than 85 per centum of the funds allocated in accordance with the provisions of this title which are used

by a prime sponsor for public service employment programs under this title shall be expended only for wages and employment benefits to persons employed in public service jobs pursuant to this title. The remaining funds may be used for administrative and other allowable costs (such as supplies, materials, and equipment) incurred by the prime sponsor, program agents, project applicants or subgrantees or contractors, in accordance with such regulations as the Secretary may prescribe.

"(c) In filling teaching positions in elementary and secondary schools with financial assistance under this title, each prime sponsor shall give special consideration to unemployed persons with previous teaching experience who are certified by the State in which that prime sponsor is located and who are otherwise eligible under the provisions of this title.

"ALLOCATION OF FUNDS

"SEC. 604. (a) (1) The Secretary shall reserve an amount equal to not less than 2 per centum of the amounts made available pursuant to section 602 for any fiscal year to enable Native American entities which are eligible section 606(a) (2) prime sponsors to carry out public service employment programs. Such funds shall be allocated by the Secretary in accordance with paragraph (3).

"(2) Not less than 85 per centum of the amounts made

available pursuant to section 602 for any fiscal year shall be allocated among eligible section 606(a)(1) prime sponsors by the Secretary in accordance with the provisions of paragraph (3).

"(3)(A) Fifty per centum of the amounts allocated under this subsection shall be allocated among eligible prime sponosrs in proportion to the relative number of unemployment persons who reside in areas within the jurisdiction of each such prime sponsor as compared to the number of unemployed persons who reside in all such areas in all the States.

"(B) Twenty-five per centum of the amount allocated under this subsection shall be allocated among eligible prime sponsors in accordance with the number of unemployed persons residing in areas of substantial unemployment within the jurisdiction of the prime sponsor compared to the number of unemployed persons residing in all areas of substantial unemployment.

"(C) Twenty-five per centum of the amount allocated under this subsection shall be allocated among eligible prime sponsors on the basis of the relative excess number of unemployed persons who reside within the jurisdiction of the eligible prime sponsor as compared to the total excess number of unemployed persons who reside within the jurisdiction of all eligible prime sponsors. For purposes of

this subparagraph, the term "excess number" means the greater of (i) the number of unemployed persons in excess of 4½ per centum of the labor force in the jurisdiction of the eligible prime sponsor in whose jurisdiction such persons reside or (ii) the number of unemployed persons in excess of 4½ per centum of the labor force in areas of substantial unemployment located in the jurisdiction of such eligible prime sponsor.

"(b) (1) The remainder of the amount made available pursuant to section 602 shall be available to the Secretary for financial assistance to prime sponsors as the Secretary deems appropriate, taking into account changes in rates of unemployment.

"(2) Whenever the Secretary allocates such funds through a formula, the Secretary shall, not later than thirty days prior to such allocation, publish the formula in the Federal Register for comment along with the rationale for the formula, and the proposed amount to be distributed to each prime sponsor. After consideration of comments received under the preceding sentence, the Secretary shall publish final allocations.

"(c) For purposes of allocating the funds made available pursuant to section 602(b)(1), and the first billion dollars appropriated in fiscal year 1979, only prime sponsor

areas containing an area of substantial unemployment shall be eligible. Prime sponsors shall use such funds only for residents of such areas of substantial unemployment.

"EXPENDITURE OF FUNDS

"SEC. 605. (a) Funds obligated for the purposes of providing public service employment under this title shall be utilized by prime sponsors for projects and activities, including projects to be carried out by project applicants as defined in section 126 of this Act planned to extend for not more than twelve months from the commencement of the project.

"(b) Each project applicant shall submit a project application to the appropriate program agent or prime sponsor. Such application shall contain such information as required by the Secretary's regulations.

"PRIME SPONSORS AND PROGRAM AGENTS

"SEC. 606. (a) The Secretary shall provide financial assistance under this title only to—

"(1) prime sponsors designated under section 101 (c), and

"(2) Native American entities designated as prime sponsors under section 302 (c) (1).

"(b) (1) Whenever a unit of general local government or combination of such units having a population of fifty

thousand or more (but less than that necessary to qualify as a prime sponsor under section 101) is within a prime sponsor's area, the prime sponsor shall if such unit or units so desire, subgrant to such unit or units of general local government the functions of program agent with respect to the funds allocated to such prime sponsor on account of the area served by the program agent.

"(2) For purposes of this subsection, the functions of program agent include the administrative responsibility for developing, funding, overseeing, and monitoring programs within the area, but such functions shall be consistent with the public service employment program supplement and the subgrant which shall be developed by the prime sponsor in cooperation with the program agent.

"(3) Whenever two or more units of general local government qualify as program agents with respect to the same area qualifying for assistance, the provisions of section 101 (b) (2) shall be applicable.

"ELIGIBILITY

"SEC. 607. An individual eligible to be employed in a position supported under this title shall be a person who has been unemployed for at least five weeks (as provided in section 122 (c) (1)) and who is economically disadvantaged (as defined in section 126 (16)), except that family income

shall be determined based on the three-month period (instead of the six-month period) prior to the person's application for participation.

"WAGE SUPPLEMENTATION

"SEC. 608. Notwithstanding section 122 (j) (3) (A) of this Act (which restricts supplementation of wages), the wages of public service employees under this title may be supplemented from sources other than this Act if such employment is for entry level position in appropriate nonprofessional categories with State or local governments or local educational agencies, in accordance with regulations of the Secretary. However, the total amount of funds which may be used to provide such supplemented wages may not exceed a sum equal to 10 per centum of such prime sponsor's allocation under this title. The wages of persons whose wages can be supplemented as a result of section 122 (j) (3) (B) shall not be counted in the calculation of such 10 per centum limitation.

"UTILIZATION OF FUNDS

"SEC. 609. Funds available under this title to a prime sponsor may be utilized for residents of the area qualifying for such assistance for programs authorized under title II, part A of title III, and title IV and title VII.

"TITLE VII—PRIVATE SECTOR OPPORTUNITIES FOR THE ECONOMICALLY DISADVANTAGED

"STATEMENT OF PURPOSE

"SEC. 701. It is the purpose of this title to secure increased private sector job placement and training for participants through increased involvement of the business community, including small business, and labor organizations in activities under this Act.

"PRIVATE SECTOR INITIATIVES

"SEC. 702. The Secretary is authorized to provide financial assistance under this title to be used by prime sponsors for augmenting activities supported under title II which are designed to place economically disadvantaged individuals, including young men and women, who face special difficulties entering the labor market, in jobs in the private sector of the economy, including arrangements for on-the-job training with private for-profit employers.

"FINANCIAL ASSISTANCE

"SEC. 703. The Secretary shall provide financial assistance to each prime sponsor designated under section 101 (c) which includes satisfactory provisions in its title II program supplement for carrying out the purposes of this title. Funds made available for carrying out this title shall be allocated by the Secretary on an equitable basis among such prime

sponsors, taking into account the factors set forth in section 202(a)(1).

"PRIVATE INDUSTRY COUNCILS

"SEC. 704. (a) Any prime sponsor receiving financial assistance under this title shall establish a private industry council. Such council shall consist of representatives from industry and the business community (including small business) and organized labor. Such council may be established to cover two or more prime sponsor areas pursuant to arrangements between the prime sponsors for such areas and the council.

"(b) Such council shall participate with the prime sponsor in the development of programs under this title.

"PRIVATE SECTOR PROGRAM

"SEC. 705. Each prime sponsor desiring to receive financial assistance under this title, as part of its title II program supplement, shall describe its proposed private sector initiatives under this title and the integration of such initiatives with other training and placement activities under this Act. The description shall include an analysis of private sector opportunities, including estimates by occupation, industry, and location of the potential numbers of individuals who could be served.

"PROGRAM ACTIVITIES

"SEC. 706. Prime sponsors receiving financial assistance under this title shall carry out private sector initiatives which shall include on-the-job training, and may include related activities, such as—

"(1) job development efforts aimed at placing economically disadvantaged individuals, including young men and women and individuals who have participated in employment and training programs under this Act or other federally assisted programs, in jobs with private for profit employers;

"(2) vocational and skill training, including vocational exploration programs for young men and women;

"(3) coordinated programs of jobs and training, enabling individuals to work for a private employer part-time while attending an education or training program part-time;

"(4) improved linkages between employment and training programs, educational institutions, and the private sector;

"(5) innovative cooperative education programs for youths in secondary and post-secondary schools designed to coordinate educational programs with work in the private sector;

"(6) linkages with publicly supported projects such

as public works, economic development and community development programs, transportation revitalization, energy conservation projects, and rehabilitation of low-income housing as part of a community revitalization or stabilization effort, which provide work through private sector contractors;

"(7) the promotion of on-the-job training programs with private for-profit employers, including the marketing of model contracts designed to meet the needs of specific occupations and industries;

"(8) encouraging private for profit employers to develop programs hiring economically disadvantaged workers so as to qualify for tax incentives designed for such purpose; and

"(9) coordinating programs under this title with other job development, placement, and other employment and training activities carried out by public and private agencies.

"TITLE VIII—YOUNG ADULT CONSERVATION CORPS

"STATEMENT OF PURPOSE

"SEC. 801. It is the purpose of this title to establish a Young Adult Conservation Corps to provide employment and other benefits to youths who would not otherwise be currently productively employed, through a period of service

during which they engage in useful conservation work and assist in completing other projects of a public nature on Federal and non-Federal public lands and waters.

"ESTABLISHMENT OF YOUNG ADULT CONSERVATION CORPS

"SEC. 802. To carry out the purposes of this title, there is hereby established a Young Adult Conservation Corps to carry out projects on Federal or non-Federal public lands or waters. The Secretary of Labor shall administer this title through interagency agreements with the Secretaries of the Interior and Agriculture. Pursuant to such interagency agreements, the Secretaries of the Interior and Agriculture shall have responsibility for the management of each Corps center, including determination of Corps members' work assignments, selection, training, discipline, and termination, and shall be responsible for an effective program at each center.

"SELECTION OF ENROLLEES

"SEC. 803. (a) Enrollees of the Corps shall be selected by the Secretaries of the Interior and Agriculture only from candidates referred by the Secretary of Labor.

"(b) (1) Membership in the Corps shall be limited to individuals who, at the time of enrollment—

"(A) are unemployed;

"(B) are between the ages 16 to 23 inclusive;

"(C) are citizens or lawfully permanent residents

of the United States or lawfully admitted refugees or parolees; and

"(D) are capable, as determined by the Secretary of Labor, of carrying out the work of the Corps for the estimated duration of each such individual's enrollment.

"(2) Individuals who, at the time of enrollment, have attained age 16 but not attained age 19 and who have left school shall not be admitted to membership in the Corps unless they give adequate assurance, under criteria established by the Secretary of Labor, that they did not leave school for the purpose of enrolling in the Corps and obtaining employment under this title.

"(c) The Secretary of Labor shall make arrangements for obtaining referral of candidates for the Corps from the public employment service, prime sponsors designated under section 101 of this Act, sponsors of Native American programs designated under section 302 of this Act, sponsors of migrant and seasonal farmworker programs under section 303 of this Act, the Secretaries of the Interior and Agriculture, and such other agencies and organizations as the Secretary may deem appropriate. The Secretary of Labor shall undertake to assure that an equitable proportion of candidates shall be referred from each State.

"(d) In referring candidates from each State in accord-

ance with subsection (c), preference shall be given to youths residing in rural and urban areas within each such State having substantial unemployment including areas of substantial unemployment determined by the Secretary of Labor under section 126 of this Act to have rates of unemployment equal to or in excess of 6.5 per centum.

"(e) (1) No individual may be enrolled in the Corps for a total period of more than twelve months, with such maximum period consisting of either one continuous twelve-month period, or three or less periods which total twelve months, except that an individual who attains the maximum permissible enrollment age may continue in the Corps up to the twelve-month limit provided in this subsection only as long as the individual's enrollment is continuous after having attained the maximum age.

"(2) No individual shall be enrolled in the Corps if solely for purposes of membership for the normal period between school terms.

"ACTIVITIES OF THE CORPS

"SEC. 804. (a) Consistent with each interagency agreement, the Secretary of the Interior or Agriculture, as appropriate, in consultation with the Secretary of Labor shall determine the location of each residential and nonresidential Corps center. The Corps shall perform work projects in such fields as—

"(1) tree nursery operations, planting, pruning, thinning, and other silviculture measures;

"(2) wildlife habitat improvements and preservation;

"(3) range management improvements;

"(4) recreation development, rehabilitation, and maintenance;

"(5) fish habitat and culture measures;

"(6) forest insect and disease prevention and control;

"(7) road and trail maintenance and improvements;

"(8) general sanitation, cleanup, and maintenance;

"(9) erosion control and flood damage;

"(10) drought damage measures; and

"(11) other natural disaster damage measures.

"(b) (1) The Secretary of the Interior and the Secretary of Agriculture shall undertake to assure that projects on which work is performed under this title are consistent with the Forest and Rangeland Renewal Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976, and such other standards relating to such projects as each Secretary shall prescribe consistent with other provisions of Federal law.

"(2) The Secretary of the Interior and the Secretary

of Agriculture shall place individuals employed as Corps members into jobs which will diminish the backlog of relatively labor intensive projects which would otherwise be carried out if adequate funding were made available.

"(c) To the maximum extent practicable, projects shall—

"(1) be labor intensive;

"(2) be projects for which work plans could be readily developed;

"(3) be able to be initiated promptly;

"(4) be productive;

"(5) be likely to have a lasting impact both as to the work performed and the benefit to the youths participating;

"(6) provide work experience to participants in skill areas required for the projects;

"(7) if a residential program, be located, to the maximum extent consistent with the objectives of this title in areas where existing residential facilities for the Corps members are available; and

"(8) be similar to activities of persons employed in seasonal and part-time employment in agencies such as the National Park Service, United States Fish and Wildlife Service, Bureau of Reclamation, Bureau of

Land Management, Bureau of Indian Affairs, Forest Service, Bureau of Outdoor Recreation, and Soil Conservation Service.

"(d) (1) The Secretary of the Interior and the Secretary of Agriculture, pursuant to agreements with the Secretary of Labor, may provide for such transportation, lodging, subsistence, medical treatment, and other services, supplies, equipment, and facilities as they may deem appropriate to carry out the purposes of this title. To minimize transportation costs, Corps members shall be assigned to projects as near to their homes as practicable.

"(2) Whenever economically feasible, existing but unoccupied or underutilized Federal, State, and local government facilities and equipment of all types shall, where appropriate, be utilized for the purposes of the Corps centers with the approval of the Federal agency, State, or local government involved.

"(e) The Secretary of Labor, in carrying out the purpose of this title shall work with the Department of Health, Education, and Welfare to make suitable arrangements whereby academic credit may be awarded by educational institutions and agencies for competencies derived from work experience obtained through programs established under this title.

"CONDITIONS APPLICABLE TO CORPS ENROLLEES

"SEC. 805. (a) Except as otherwise specifically provided in this subsection, Corps members shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment including those regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits:

"(1) For purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), Corps members shall be deemed employees of the United States and any service performed by a person as a Corps member shall be deemed to be performed in the employ of the United States.

"(2) For purposes of subchapter 1 of chapter 81 of title 5 of the United States Code, relating to compensation to Federal employees for work injuries, Corps members shall be deemed civil employees of the United States within the meaning of the term 'employee' as defined in section 8101 of title 5, United States Code, and provisions of that subchapter shall apply, except that the term 'performance of duty' shall not include any act of a Corps member while absent from the member's assigned post of duty, except while participating in an activity (including an activity while on pass or during travel to or from such post of duty) authorized by or under the direction and supervision of the Secretary.

"(3) For purposes of chapter 171 of title 18 of the United States Code, relating to tort claims procedure, Corps members shall be deemed civil employees of the United States within the meaning of the term 'employee of the Government' as defined in section 2671 of title 28, United States Code, and provisions of that chapter shall apply.

"(4) For purposes of section 5911 of title 5 of the United States Code, relating to allowances for quarters, Corps members shall be deemed civil employees of the United States within the meaning of the term 'employee' as defined in that section, and provisions of that section shall apply.

"(b) The Secretary of Labor shall, in consultation with the Secretaries of the Interior and Agriculture, establish standards for—

"(1) rates of pay which shall be at least at the wage required by section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended;

"(2) reasonable hours and conditions of employment; and

"(3) safe and healthful working and living conditions.

"STATE AND LOCAL PROGRAMS

"SEC. 806. (a) Consistent with interagency agreements with the Secretary of Labor, the Secretaries of the Interior

and Agriculture may make grants or enter into other agreements—

"(1) after consultation with the Governor, with any State agency or institution;

"(2) after consultation with appropriate State and local officials, with (A) any unit of general local government, or (B) (i) any public agency or organization, or (ii) any private nonprofit agency or organization which has been in existence for at least two years; for the conduct under this title of any State or local component of the Corps or of any project on non-Federal lands and waters.

"(b) No grant or other agreement may be entered into under this section unless an application is submitted to the Secretary of the Interior or the Secretary of Agriculture, as the case may be, at such times as each such Secretary may prescribe. Each grant application shall contain assurances that individuals employed under the project for which the application is submitted—

"(1) meet the qualifications set forth in section 803(b);

"(2) shall be employed in accordance with section 805(b); and

"(3) shall be employed in activities that—

"(A) will result in an increase in employ-

ment opportunities over those opportunities which would otherwise be available,

"(B) will not result in the displacement of currently employed workers (including partial displacement such as reduction in the hours of non-overtime work or wages or employment benefits),

"(C) will not impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed,

"(D) will not substitute jobs assisted under this title for existing federally assisted jobs, and

"(E) will not result in the hiring of any youth when any other person is on layoff from the same or any substantially equivalent job.

"(c) Thirty percent of the sums appropriated to carry out this title for any fiscal year shall be made available for grants under this section for such fiscal year and shall be made on the basis of total youth population within each State.

"SECRETARIAL REPORTS

"SEC. 807. The Secretary of Labor, the Secretary of the Interior, and the Secretary of Agriculture shall jointly prepare and submit to the President and to the Congress a report detailing the activities carried out under this title

for each fiscal year. Such report shall be submitted not later than February 1 of each year following the date of enactment of this Act. The Secretaries shall include in such report such recommendations as they deem appropriate.

"ANTIDISCRIMINATION

"SEC. 808. (a) No persons with responsibilities in the operations of such programs shall discriminate with respect to participation in such program because of race, color, religion, sex, national origin, handicap, or political affiliation, or beliefs.

"(b) The Corps shall be open to youth from all parts of the country of both sexes and youth of all social, economic, and racial classifications.

"TRANSFER OF FUNDS

"SEC. 809. Funds necessary to carry out their responsibilities under this title shall be made available to the Secretaries of the Interior and Agriculture in accord with interagency agreements between the Secretary of Labor and the Secretaries of the Interior and Agriculture.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 810. There are authorized to be appropriated such sums as may be necessary for the fiscal year 1978 and for each fiscal year ending prior to October 1, 1982, for the purpose of carrying out this title."

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REPEALER

SEC. 3. Section 104 of the Emergency Jobs and Unemployment Assistance Act of 1974, Public Law 94–563, is hereby repealed.

EFFECTIVE DATE

SEC. 4. This Act shall take effect on October 1, 1978.

Senator RIEGLE. Let me introduce you to professional staff people who are with me today. On my right is Scott Ginsburg who represents the committee, represents Senator Nelson. He is here to serve as counsel for these hearings. On my left is Stephanie Smith who is a member of my staff, who has the principal operating responsibility in this area of work relating to work on that committee.

I might say to others in the audience who are not scheduled to be public witnesses in the sense of giving public testimony today, that we nonetheless welcome your presence, and we welcome your testimony. Anyone who has a statement to make, we will certainly take that and make it part of the committee record—anyone who wants to give a statement orally.

I have other staff people here. Jim Sharp, Frank Jeffries, Alice Vaughn, who will also assist anyone who wants, either now, or later, to give a statement of whatever sort that they think would be helpful to the hearing process, and those statements will be taken and incorporated as part of our committee record.

So with that as an opening set of comments, our first witness today is Mr. Pat Babcock, who is director of the Michigan Department of Labor. I understand you are accompanied today by Mr. Richard Donahue. We are delighted to have you here, and I know you have a statement that you have prepared, and I hope that as we go along—we are going to make your entire statement a part of the record—but I would hope that you could summarize as much as you can so that we can have as much time for questions and answers as possible.

STATEMENT OF C. PATRICK BABCOCK, DIRECTOR, MICHIGAN DEPARTMENT OF LABOR, ACCOMPANIED BY RICHARD DONAHUE

Mr. BABCOCK. Thank you, Senator. Let me first say that the Governor has asked me to express his appreciation to you and Senator Nelson for this opportunity to appear and make some of our views on CETA known.

Michigan is enjoying a much better economic climate today than we had 3 years ago. But we are very concerned within the administration about some of the residual effects. For example, while Michigan's unemployment rate last year was 6.9 percent, we are very concerned that the unemployment rate of minority women is in the neighborhood of 13.6 percent, youth unemployment is 15.6 percent, minority youth unemployment exceeds 30 percent. When I was appointed State Labor Director, January 1, the Governor gave me a basic blueprint. That was to develop an overall coordinated program policy for manpower services in Michigan, tapping the services and efforts of other state agencies such as social service, labor, education, etc.

We feel that the CETA program has been a very positive factor in repairing Michigan's economy. Last year in Michigan, state and local governments spent more than $350 million to provide job opportunities and training for more than 180,000 people. Those dollars paid many dividends in reduced welfare costs, increased productivity, and better use of the Michigan labor force. Most importantly, these funds helped relieve many thousands of people in Michigan from demoralization and depersonalization of unemployment.

A question we have been asking in administration is whether we are winning the war against unemployment. We feel that the answer is yes, but we feel that the pace is much too gradual. We feel that a major problem that we have experienced under CETA is the absence of effective executive management, a problem which you noted in your introductory comments.

Virtually all of the employment and training programs administered by the State are products of Federal statutes. Those statutes have been passed at different times by different Congresses and with different objectives. As a result we have often seen an array of overlapping confusing programs and overlapping confusing line of authority. We have seen all too often fragmentation rather than a cohesive network of employment services at the community level.

We also are concerned with the growing tendency for the Federal Government to centralize control over CETA funds. Our experience in Michigan has demonstrated the strength of local prime sponsors to meet the familiar and specific needs of the community. Experience has also shown that the State and not the Federal Government is better equipped to provide technical assistance to local programs in the region of statewide economic objective.

We feel strongly that the Federal Government is too far removed, and frankly, too large to conduct local programs or gain a statewide perspective. We think that technical support can and should be provided by a State agency.

With the current authorization for CETA running out this year, we agree with you that this is an opportunity to review very carefully the strengths and weaknesses of that program in order that we may improve what I think is one of the most positive federal acts in the human service area.

We have done an analysis of the administration's proposal which you have before you. It is a preliminary analysis, and we will be providing your staff, and committees of Congress, with a more detailed analysis as we have a chance to further review the administration's proposals and other proposals. I would like, however, to comment in the five areas of the administration proposals which we feel need attention.

Historically the purpose of CETA has been to provide jobs and related services to the economically disadvantaged, the unemployed, and the underemployed. The administration proposed that jobs be provided for the economically disadvantaged, either unemployed or underemployed. We feel that is a distinct difference. A proposed shift in eligibility criteria may result in decreased number of people served.

We believe that while employment and training services should be provided for all persons who can benefit from the program, it is the Government's responsibility to insure that those opportunities are available to economically disadvantaged.

When CETA was enacted in 1973, Congress was committed to the concept of decentralized authority for the decisionmaking. It went to the extremes to insure that prime sponsors could influence how CETA dollars are applied. Today the prime sponsors have a reduced role in decisionmaking authority, and the Secretary of Labor is more extensive, and the administration's proposal continues that trend towards centralization.

I strongly recommend that Congress forcibly voice its concern over the continued and proposed encroachment of Federal bureaucracy into what should be local and State decisionmaking.

In the area of coordination we feel that we have a number of inconsistencies within the proposed draft. For example, the act provides that the Governor must give explicit approval before a Job Corps Center can be located in the State. In practice, however, millions of dollars of CETA funds are allocated by the Secretary of Labor with minimal notice to the Governor. We urge that CETA be amended to provide at the minimum that Governors be given the opportunity to review and comment on all programs proposed for implementation in the State.

We also urge that the act provide that the Governors insure the prime sponsors have a voice in the CETA programs that fall within their jurisdiction. And finally, that the act provide a mechanism within the Federal Government for the recognition and consideration and comments from the Governors and prime sponsors. We also are very interested in the administration's proposal to strengthen section 106 of the act. As you are aware, section 106 provides that the Governor of the State shall have a coordinated manpower plan. We feel that other sections of the act tie in with that section, but frankly we are very concerned that the Department of Labor in the administration of the act recognize what I think is a very important principle. If we are going to deliver manpower services to Michigan or any other States we need to recognize the totality of the needs of the unemployed and underemployed. This requires consistent policies by the various human services agencies.

In the area of unemployment insurance most CETA related UI costs are currently assumed by the employing agency. This results in employers contributing a very substantial amount of non-CETA funds for UI after the participants are laid off. The administration proposal does not address this very fundamental issue. We recommend that section 6 of the Emergency Jobs Programs Extension Act be amended so that employers would not be penalized for employing CETA public service employment participants.

There is no maximum period in the present law for length of participation in the public service employment program. Participants may be enrolled for extended periods of time, even several years if that is the wish of the prime sponsor.

The administration would limit the participation to a maximum duration of 78 weeks during the 5-year period. Trainees will be limited to 104 weeks, and work experience participants to 6 months.

We recommend that prime sponsors be given authority to exempt some public service employment positions from the 78-week limitation, using factors such as the local social economic climate and relative tax efforts of the community as a basis for determining the number and duration of exemptions.

In conclusion I want to thank you for the chance to appear today on behalf of the Governor. We are committed to providing an effective and efficient mechanism for employment and training in the State, seeking to insure that all who want a job and need training become gainfully employed as quickly as possible, with particular emphasis placed on the private sector.

Much of my time and energy through the coming years, as State labor director, will be devoted to structuring and reshaping Michigan's employment and training programs in order to make sure that they realistically meet today's needs. Much of what we are going to be able to accomplish, obviously, depends on what Congress does with CETA. We stand ready at the Department of Labor to provide you and your staff with the benefit of our experience as the prime sponsors for the balance of the State as well as an adviser to the Governor on overall manpower program.

Mr. Donahue and I will be very glad to answer any questions in regard to that.

Senator RIEGLE. Thank you for your statement. We will make your whole submission part of the record.

[The prepared statement of Mr. Babcock follows:]

RECOMMENDED CHANGES

TO THE

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Submitted by: C. Patrick Babcock, Director
Michigan Department of Labor

Date: 16 February 1978

SUMMARY

With the exception of Title VIII of the Act (for which authorization extends through FY 1979-80), authorization for the Comprehensive Employment and Training Act (CETA) will "expire" at the end of this fiscal year. Congressional oversight hearings are taking place to provide Congress with information about the impact of the CETA programs from mid-1974 to the present as well as with recommendations as to how to modify the Act.

While various members of Congress have discussed some of the modifications they favor, up until this time no bill has been introduced to continue the Act (though it is clear that a number of bills will be introduced soon). Recently, a draft of the "New Comprehensive Employment and Training Act" was released by "The Administration". The Michigan Department of Labor has reviewed the draft bill, identified five "critical features" of the bill and made specific recommendations relative to there critical features.

I. There is a narrowing of participant eligibility criteria in the Administration's bill.

RECOMMENDATION: While ideally employment and training services would be provided to each individual who could benefit from those services, in the event of a short fall in available funds, emphasis should be given to provide services to the economically disadvantaged.

II. The Administration's bill is characterized by a trend toward centralization and categorization.

RECOMMENDATION: Given Congress's commitment to local/state CETA decision-making (as indicated in the statement of purpose of CETA) Congress should vigorously and forcefully voice its concern over the continued and proposed encroachment of federal bureaucracy into local/state CETA decision-making.

III. There are inconsistencies regarding program coordination in the Administration's bill.

RECOMMENDATION: That CETA be amended (1) to provide that the Governor of a state shall have the opportunity to review and comment, prior to implementation, on all programs to be operated within his or her state jurisdiction which are funded or operated under the authority of CETA, (2) provide that the Governor insure participation in the review and comment procedure by all prime sponsors in the state in whose jurisdiction the program will operate or otherwise impact and (3) provide for a mechanism within the U.S. Government to facilitate the recognition and consideration of the comments of each governor.

IV. The Administration's bill fails to address the issue of unemployment benefits.

RECOMMENDATION: Section 6 of the Emergency Jobs Programs Extension Act should be reviewed and, as it relates to considering any changes to CETA, considered as though it were presently a part of CETA. Changes to Section 6 should be made so that no employer would be penalized for employing CETA PSE participants.

V. There are limitations on the duration of services prescribed in the Administration's bill.

RECOMMENDATION: CETA should provide each prime sponor authority to exempt some percentage of PSE positions within his or her program from the 78 week limitation. The socio/economic climate in a particular locale should be a factor in determining the number and duration of exemptions.

CETA RECOMMENDED CHANGES

I. Narrowing of Participant Eligibility Criteria

A. CETA Criteria - While specific criteria vary depending on which CETA funded program is being considered, the purpose of CETA is to provide jobs and job related services to (1) the economically disadvantaged, (2) the unemployed and (3) the underemployed.

B. Administration's Proposal - While specific criteria depend on the CETA funded program being considered, the purpose of the bill is to provide jobs to the economically disadvantaged who are either unemployed or underemployed.

C. Discussion - The shift in eligibility criteria would clearly "screen in" fewer people as being eligible than is now the case. In FY 1976-77 approximately 66 percent of Michigan's CETA participants were economically disadvantaged prior to entry into a program funded under the Act (all others were either unemployed or underemployed prior to entry).

1. Groups that won't be served

- Unemployed and underemployed members of families with two or more wage earners, e.g. an unemployed husband or wife whose spouse is working at a reasonably good job. Many women and many youths would be "screened out".

- Unemployed people who are the sole wage earners in a family but who have not been unemployed for several weeks.

- Employed people who are the sole wage earners in their families who are working part-time or full-time at jobs that don't pay much --- but which are paid at a rate above the poverty level.

2. Implications

- Many public sector employment positions now filled with people who had been unemployed only a short time prior to filling these positions (i.e., they had a good work history) would have to be eliminated and replaced with positions more suitable for the economically disadvantaged.

- The nature of the various CETA programs would be modified. On-the-job training and institutional training programs would be greatly affected. For example, on-the-job training programs suitable for the short-term unemployed may be found to be unsuitable for the economically disadvantaged.

- If CETA funds are allocated as a function of the number of economically disadvantaged in each state, urbanized states may receive proportionately less than they do presently (e.g. Michigan). While none of the formula contained in the draft bill involve allocations based on this criterion, it would seem logical to do so in

the future. The Secretary of Labor would have close to two billion dollars per year to allocate at his discretion.

- A much larger percent of the total served would be welfare recipients.
- A greater percentage of those served would be from the groups most in need of services.
- The affect of changing CETA eligibility criteria to further reward individuals from single person families may be to break up multi-person families.
- The proposed eligibility criterion would be inconsistent with the criterion in the proposal for the Full Employment Act. The Full Employment Act is based on the assumption that all individuals have a right to a job.

3. Rationale for Changes

- The apparent objective of the proposed change is to serve those most in need.

D. Analysis - It is the right of every individual, able and willing to work, to a job. Further, it is the responsibility of government to ensure that that opportunity exists. To deny anyone the right to a job, or to services which would remove personal barriers to employment, or to educational or training experiences which would increase the employability of a person, on the grounds of being a member of the finest institution in the human experiment, the family, is unconscionable.

E. RECOMMENDATION - While ideally employment and training services would be provided to each individual who could benefit from those services, in the event of a short fall in available funds, emphasis should be given to provide services to the economically disadvantaged.

II. Trend Toward Centralization and Categorization

A. CETA Related Policies - An overall decentralized approach is called for in the statement of purpose, yet every change to CETA since 1973 has increased the authority of the Administration vis-a-vis prime sponsors. Overall, CETA is now a funding mechanism for a number of relatively centralized programs -- the decision-making authority of the Secretary of Labor is extensive.

B. Administration's Proposal - The extent of centralization is greatly increased.

C. Discussion - When CETA was enacted in 1973, Congress was fully committed to the concept of decentralization (authority for decision-making resting with local elected officials) and went to extremes to insure that prime sponsors could influence how CETA dollars were to be expended. While there was one categorical program mandated in the original legislation (the Job Corps program), all of the dollars were to be expended based on the judgment of local prime sponsors. Since 1973, a variety of new programs have been introduced, all of them

categorical in nature -- Young Adult Conservation Corps (YACC), Youth Community Conservation Improvement Projects (YCCIP), Youth Employment and Training Programs (YETP), Help through Industry Retraining and Employment (HIRE), Skill Training Improvement Program (STIP), etc. In addition to these new programs, Congress has changed the nature of the old programs to the extent that they would have to be classified as either totally categorical in nature (e.g. the Title VI program) or severely restricted verging on being categorical (e.g. the Title I program). Today, over ninety percent of CETA activities could be categorized as "categorical" in nature.

D. Analysis - The relationship between categorical/non-categorical programming of CETA dollars, on the one hand, and of centralized/decentralized administration of the program or the other, is obvious. It is usually the case that decategorization and decentralization compliment one another and centralization and categorization are complimentary. It is obvious, then, that the two issues of the extent of categorization and centralization must be considered together. The basic argument that a decategorical approach is a much more flexible and, therefore, a much better approach than a categorical approach is irrefutable. It would, therefore, follow that a decentralized approach is a better approach than a centralized approach.

E. RECOMMENDATION - Given Congress's commitment to local/state CETA decision-making (as indicated in the statement of purpose of CETA) Congress should vigorously and forcefully voice its concern over the continued and proposed encroachment of federal bureaucracy into local/state CETA decision-making.

III. Inconsistencies Regarding Program Coordination

A. CETA Related Policies - While a great deal of "lip service" is paid to the concept of coordination in the Act, there is a great uneveness in the various portions of the Act regarding the extent to which, at least at the state level, coordination can be carried out. The title of the Act dealing with Job Corps provides the Governors with an abosolute veto.

The Governor must give explicit approval before a Job Corps center is to locate in "his" state. The authority of the Governor is obvious. However, hundreds of millions of dollars of CETA funds are now expended by the U.S. Secretary of Labor without even informing the Governor, of for that matter often not informing any local elected official in the state that the funds have been distributed. Neither the present legislation nor the administrator's proposed legislation is written to systematically facilitate intra-CETA coordination.

B. Administration's Proposals - There are no changes to CETA proposed by the administration which would enhance intra-CETA coordination.

C. Discussion - In order for a Governor to coordinate CETA program activities, he must, at a minimum, have the opportunity to comment on all CETA program proposals or grant applications or contracts prior to the time they are implemented, and he must have a commitment from federal decision-makers (e.g. the Secretary of Labor), that they will be receptive to any comments he might make.

D. Analysis - Section 105 of the Administration's bill provides a great deal of responsibility to Governors to coordinate employment and training programs. In order to carry out this responsibility it is essential that (1) Governor's be provided an opportunity to comment and review all CETA related grants applications and proposals prior to funding by the U.S. Government, (2) that a mechanism be established within the U.S. Government to consider the comments of the Governor as funding decision.

E. RECOMMENDATION - That CETA be amended (1) to provide that the Governor of a state shall have the opportunity to review and comment, prior to implementation, on all programs to be operated within his or her state jurisdiction which are funded or operated under the authority of CETA, (2) provide that the Governor insure participation in the review and comment procedure by all prime sponsors in the state in whose jurisdiction the program will operate or otherwise impact and (3) provide for a mechanism within the U.S. Government to facilitate the recognition and consideration of the comments of each governor.

IV. Unemployment Insurance Benefits

A. CETA Related Procedures - Section 6 of the Emergency Jobs Programs Extension Act of 1976 allows some relief to employees of CETA "PSE" participants. Most, though not all, of the CETA related "UI" costs are assumed by the Federal government. However, employers of CETA PSE participants who are funding their "UI" account on a contributory basis now stand to pay out a substantial amount in non-CETA funds if CETA participants are laid-off -- the "rates" paid by these employers would rise for a considerable period of time.

B. Administration's Proposal - No relevant changes to CETA or to the Emergency Jobs Programs Extension Act of 1976 are proposed by the Administration.

C. Discussion/Analysis - The relevant statements regarding the payment of "UI" benefits to CETA public sector employment participants is not now a part of CETA. Not all employers of CETA PSE participants are equally protected -- those funding their "UI" account on a contributory basis are being penalized for participating in the program.

D. RECOMMENDATION - Section 6 of the Emergency Jobs Programs Extension Act should be reviewed and, as it relates to considering any changes to CETA, considered as though it were presently a part of CETA. Changes to Section 6 should be made so that no employer would be penalized for employing CETA PSE participants.

V. Duration of Participation in PSE Programs

A. CETA Related Policies - Presently, no maximum period of participation in PSE program is prescribed under CETA PSE. Participants can be "enrolled" for extended periods of time (for a number of years if a prime sponsor wishes).

B. Administration's Proposal - The Administration would permit participation in PSE programs for a maximum duration of 78 weeks (during a five ~~week~~ period).

C. Discussion - The Administration seems intent on insuring that present CETA program is modified in such a manner as to complement the Administration's Welfare Reform proposals (especially that portion of the proposal which would establish 1.4 million jobs). The effect of limiting the duration of PSE positions would be (1) to "fire all present PSE participants, (2) to eliminate many of the present PSE positions (and eliminate certain "essential" services), (3) to (in the long run) "fire" many economically disadvantaged people from "good" jobs after those people have had the jobs for a year and a half, and (4) substantially increase the "UI" costs associated with CETA.

An analysis of the Michigan experience indicates that the educational and skill level of the current PSE incumbents is several times as high as the average potential public employee from the welfare rolls. This means that in the summer of 1978 the current PSE employers will be laying off teachers, police, typists, carpenters, social workers, etc. Upon welfare reform being enacted, they would be faced with employing a labor force totally unequipped to replace the '78 PSE layoffs. Very few local governments, schools and other agencies employing CETA PSE participants can afford (1) the complete loss of the present PSE work force augmentation in face of little reduction in the demands for government services (') the internal inefficiencies the absorption into government of massive numbers of unskilled, educationally impaired workers will cause.

D. Conclusion - There is justification in limiting the duration of PSE participation to reduce substitution and to open up the program to persons needing regular work experience. However, some locally exercised discretionary safeguards to protect essential service delivery are necessary.

E. RECOMMENDATION - CETA should provide each prime sponsor authority to exempt some percentage of PSE positions within his or her program from the 78 week limitation. The socio/economic climate in a particular locale should be a factor in determining the number and duration of exemptions.

Senator RIEGLE. There are several things I want to ask you. First of all, how would you describe the quality of your work relationship with the Labor Department in working on the CETA program?

Mr. BABCOCK. Dick may want to speak to that also. I am a rather new addition to the Labor Department. I think that we enjoy a good relationship with the region. My comments regarding what I think is erosion of responsibility for authority at the local level deals more with the structural problem.

I think CETA over the last 4 or 5 years has become both centralized and overly categorical. I suspect that is a result of either concern that a program is meeting its objective or of intergovernmental distrust. I think we have not built a partnership between Federal, State, and local officials. We have not been able to build together upon the strengths of each.

Mr. DONAHUE. I think the problem, if there is any real problem, has been caused more by the turbulence of the program as you have alluded to in your opening remarks, which is the continuous addition of major new parts to CETA. I think the time schedule has often been extremely unrealistic. Most of the programs were emergency in nature, and were implemented on very tight schedules to get them up and running. The problem was always the delay involved in writing extensive rules and regulations. I think that the relationship between the State and the region in our particular case, the State of Michigan, has been good.

Senator RIEGLE. You mean you get timely answers, timely responses?

Mr. DONAHUE. I think in most cases yes, especially when considering that the programs have been crashed in implementation and it is easy to overlook something that only is identified when the programs are in operation. The classic example, of course, was in the UI situation that arose early when the title II was first introduced when it became, "How do you pay UI costs? Do you withhold your CETA dollars and build up an escrow account?" Eventually it led to a change in the statute.

So I think that the U.S. DOL regional officials have been as responsive as they could have been. I think they groped for a reporting system. The White House has obviously placed an extremely tight reporting situation on them in title VI where we now have weekly reports on levels in your program.

I would have to classify that I think that really all levels of administrators, and certainly that includes the local level, to whom this was a whole new ball game to, considering the growth in CETA, the divergence of the program that were added and the time limits and the constraints they have had, there is a tremendous increase in sophistication in management efficiency of the local government and I think all governments in this whole ilk. That is what worries me about making too many changes just to administratively clean up CETA things, because they will be extremely expensive. It will cost tens of millions of dollars to make the slightest change in administration because most prime sponsors have in place rather elaborate management information systems supported by ADP. A single change in a reporting item can cause reprogramming, record conversion, and changing all your reports. So a slight change at the top rattles down now and becomes extremely expensive.

So I think that any change in the act should be fully justified rather than an administrative convenience.

Senator RIEGLE. Let me ask you this: Does the State have any way now of determining exactly how many people have been assisted by CETA funds? In other words, the number of people we have processed? And if so, do we have any way of gaging it by category to determine whether we have taken people out of the ranks of, say, structurally unemployed, into permanent jobs? What do we have in the way of measurement of what has been accomplished so far?

Mr. DONAHUE. We have a report that we publish quarterly in the State of Michigan which includes all prime sponsors as well as the migrant programs, that don't flow through the regular prime sponsors. We have it broken out by the service category and participant characteristics. I have made a copy of the last annual report for last year available to your staff. We have an extensive data base of individual participant records, so that we now have a wealth of data source that is on file ADP-wise which can be searched. We can attack almost any analytical angle now and answer almost any questions.

Senator RIEGLE. Let me ask you two questions then: Tell me if you are capable of pinning this down. Since we have started the CETA programs, how many people in Michigan have we been able to take out of the ranks of the unemployed and get them essentially into permanent work, even if it has gone through a set of steps? Do we have any way of measuring how many people essentially have been rescued out of the pool of the unemployed? I am thinking now of the long-term unemployed, the tough unemployed situation?

Mr. DONAHUE. Yes; we can do that. I don't have it from the time the program started. We can only give you last year.

Senator RIEGLE. Let's take last year as a case in point.

Mr. DONAHUE. We could go through and look at the number that has been served in the different programs, and then you break that out. It takes a little more research, but, yes, we know the number that terminated from a program that went into employment or other forms of what were considered favorable terminations, for example back to school, or ones that strictly terminated and were probably back to their original status. We have that data.

Senator RIEGLE. Just so we can pin down the success rate for the last year for which you have the data, in terms of the people that have come through the program and have ended up in ongoing jobs, what would that percent be? How are we doing?

Mr. DONAHUE. All right. It is——

Senator RIEGLE. See, what I am after, I want to find out if we processed and moved through the system, say, 100 individuals, are we ending up with 75 of those individuals making their way into ongoing employment? Fifty? Eighty? Twenty-five? I mean I want to know sort of an approximate range to which we are being successful in terms of transferring people into permanent work.

Mr. DONAHUE. All right. Would it be all right if I gave that to your staff this afternoon? I have it here.

Senator RIEGLE. Sure. I know it is really hard for you to pull it out of those numbers, but if you can give me any kind of an approximate judgment. In other words, are we batting anything like 100 percent on this? I would assume we are not.

Mr. DONAHUE. No; we are not.

Senator RIEGLE. Where is it likely to be within a range? Are we talking about 50 percent, maybe?

Mr. DONAHUE. You have to almost do it by the program in the sense that title I, which is the training title, will obviously be lower, because you have a lot of people either returning to school, or they are in school and are being assisted by work experience or a part-time job. I guess I really would not want to make a statement until I have a chance to see that.

Senator RIEGLE. I think it is important for us to pin that down. If we can pin it down by categories, so much the better, because I think one of the measures that we have to apply to this program in terms of measuring success is whether we are actually taking somebody out of the ranks of the unemployed. And when we are done with this public investment of time and resources, do we really have someone in a permanent job?

Mr. DONAHUE. All right. Because we have the PSE data right here which show the characteristics of the people who are actually in jobs in the public service program, but you are interested in ones that have made the shift into unsubsidized employment?

Senator RIEGLE. Right. Also on the point of public service, there is a lot of controversy about the degree to which CETA has been used by local units of government to fill job slots that they would have needed anyway, but they ended up not having to pay it through the normal kinds of funding mechanisms, because they pay for it through CETA. And that substitution factor, what do we have at the State level in terms of the degree to which that either has or has not been done?

Mr. DONAHUE. We have had the cases come up on a maintenance of effort violation. We have had a number of charges made. Of course I guess you are probably aware of the one case that got the most notoriety, Flint. There are really two, Flint and the city of Detroit. In that case I don't think anybody could really accuse anybody of substitution of funds if you respected the fiscal situation that the City of Detroit was in. I think that is something that is ongoing. You would have to go back every year and evaluate their overall financial situation. There is, I think, sometimes a feeling that there is more of this substitution than may really exist. We have turnover rates that would indicate that there is an extremely high rate of people who turn over in less than a year in public service employment. I think what you hear *probably* is of a certain core group that have been on a long time. This is one of the items we will provide your office. We will be able to tell you exactly the number and the time that they have been on and indentify those that have been on the longest by the nature of the occupation they are filling. We find that many highly skilled positions that were filled very early in this program have continued with the same individual.

Senator RIEGLE. By the same individuals?

Mr. DONAHUE. Yes; by the same individuals. We want to be able to give you the exact number and nature of the jobs they are filling, so you can appreciate, maybe, the importance of those positions as added-on positions in government. They provide services that government did not heretofore provide.

Senator RIEGLE. Well, it seems to me, too, another thing that really was a major impact for the State of Michigan is that CETA came

into being with very large dollar expenditures at the same time that we were experiencing a serious recession and a very high level of unemployment, and the financial pressures on local units of government was so extreme that many of them were forced to make cutbacks that they would have had to make, setting CETA completely aside. So it is understandable why in our situation because of the extreme unemployment situation and economic pressures that there would have been a natural tendency to move CETA funds or CETA slots or CETA resources into filling the shortfall in vital services that these communities otherwise who just didn't feel that they could provide because they did not have the money. I recognize that we were facing maybe the most extreme situation of any of the 50 States, so that probably will give us a different kind of record of experience than maybe the other States will have, but I think it is important for us to pin that down because I know that issue is going to be a central point of debate the whole question to be the CETA program in effect gets used to pick up the short fall in capacities for local government to render their own services.

Mr. DONAHUE. All right. I think you should also appreciate the machanics of the problem where you deal with bargaining units in government. If you have CETA aboard in certain areas, and then you are forced through budgetary constraints to lay off a number of people, then you have to layoff the CETA people too. So it was almost essential that the city of Detroit recall those people on CETA because otherwise it amounts to double jeopardy in layoffs. The rule is that if you lay off somebody but you have CETA employees doing the same type of work, then they have got to go too. So, you accomplish no saving by laying off your own people and then losing the CETA jobs automatically. You are almost forced to recall the other back and use whatever funds to save the rest of your CETA positions.

Senator RIEGLE. Let me ask you one other thing: You have dealt with this program for some time, and you have seen it work. One of the things that we have got to deal with is the issue of targeting. In a sense we have been doing a lot of targeting. That is why the program is in a lot of bits and pieces, but you have had a chance to watch this thing work, and as you understand what it is we have been driving at, what thoughts do you have, speaking from your own experience? I am not asking necessarily that you speak for the entire State government. What recommendations and observations do you have about how we could improve the targeting?

Mr. DONAHUE. I believe that CETA is a vital piece of legislation and now that you are taking another look at it, Congress should view it in the context of full employment legislation.

I guess I have a personal philosophy because I have been working closely with full employment legislation both at the national level and at the State level, that to restrict anybody from participating in a program based on anything other than the individual situation—in other words, you institutionalize a person the minute you say eligibility is a family criteria. If eligibility is dependent on the family, you have taken away the fundamental premise of the Full Employment Act—that it is an individual right to an employment opportunity. So I think if you start there, then Congress has to be very careful what it does to

CETA in what may become the major instrument in moving toward that full employment policy if that is enacted, the H.R. 50/S. 50.

So I guess in view of that philosophy, freedom should be given as much as possible to the local prime sponsors. I don't feel that it is being abused. You may have instances where it may not be serving the disadvantaged, but I think with the mechanism the way it is, an open mechanism, it will be connected. There is participation by public groups, planning councils, and others, and the fact that the elected official is obviously vulnerable if he is discriminating against any particular group. If you are going to have a system that is decentralized, you have to have faith in the system. This act—CETA—should be protected against becoming narrow and restrictive when viewed with the fuller and greater goal of the Full Employment Act.

Senator RIEGLE. I might just say that the House committee jurisdiction in the Congress has reported out the Humphrey-Hawkins bill, which is version four, an altered version and one which I strongly support. I hope the people in the State, across the spectrum, will rally around this fourth, modified version of the Humphrey-Hawkins, because I think it is sound.

Mr. DONAHUE. I have done a little calculation here quickly. If we look at title I and exclude the public service employment, we have right now about a 25 percent actual movement into employment from those served, with a total of 73 percent classified as positive terminations, which can be anything from returning to school to continuing on into another type program, or it may be going into the military service.

Senator RIEGLE. So the 73 percent includes the 25?

Mr. DONAHUE. Includes the 25 percent.

Senator RIEGLE. So there is a 27-percent category to focus that——

Mr. DONAHUE. Would drop out. And you will find in training programs that you often suffer most of your casualties within the first few days, that they decided that wasn't their bag, and they drop out. So your success rate, in other words, the longer they are in, goes up in a real curve.

Senator RIEGLE. Well, let's do this—I appreciate very much your testimony. We could go on at great length here, but we are under some tight time constraints because we want to hear from a variety of witnesses and get a broad testimony here. Let me say to you, however, that I think we will have some additional questions for you, and we would like to have you respond for the record. We appreciate your coming today, and we will stay in touch with you as we go down the track on this. Thank you.

Next I would like to have as a panel Mr. Wendell Brooks who is chairman of the Northwestern Michigan Manpower Consortium from Traverse City, and Mr. Thomas Hazelwood who is administrative director, Six County Consortium for Employment and Training, from Escanaba. Will they come forward now.

Let me just say before we start with your testimony that as we go along today and as dialogue develops, a question may be raised with one witness, and it triggers some thoughts for maybe another witness, and if you have got some really powerful observation to make on something that has been earlier discussed, when the appropriate time comes, feel free to weigh in with it.

Do either of you have any preference as to who goes first here? Why don't you identify yourself for the record?

STATEMENT OF THOMAS HAZELWOOD, DIRECTOR, SIX COUNTY CONSORTIUM FOR EMPLOYMENT AND TRAINING, ACCOMPANIED BY DONALD KLEMME, DEPUTY DIRECTOR OF THE CONSORTIUM

Mr. HAZELWOOD. Mr. Chairman, my name is Thomas Hazelwood I am director for the Six County Consortium for Employment and Training. The gentleman with me is Donald Klemme, the deputy director of the consortium. I would like to say I appreciate the opportunity to appear before you this afternoon.

Much of my testimony will be my own point of view, I am expressing that point of view in accordance with policies developed and expressed by my administrative board which consists of two county commissioners from each of the six counties in the consortium.

Senator RIEGLE. Let me just say this: I have got a copy of your statement here, and it is a very lengthy statement, which I appreciate because it contains the kind of details that we are looking for, but let me ask you today, if I can in the interest of time—I am going to make your whole statement part of the record and share it with other members of the committee—and ask you as much as you can to summarize the high points as you go along.

Mr. HAZELWOOD. OK. We weren't prepared to summarize, but I will do the best I can. Basically we want to say that the CETA program in the Upper Peninsula, and more specifically the central part of the Upper Peninsula, has been a rather successful program.

To date $20,111,676 has come into the area, and as a result of that, nearly 1,200 formerly unemployed persons have become employed in both the public and private sectors, and people are grateful for that. We did have some problems with the rules and regulations, however, and I guess I would like to get into those.

Senator RIEGLE. Fine.

Mr. HAZELWOOD. The primary problem we have is that on title I and title II of CETA there was necessary flexibility to attack the employment problems characteristic of our area and funds could be easily switched between titles and appropriate mixes of private and public job developments could be established with ease by the local decisionmakers. Amendments to that original legislation have reduced that flexibility somewhat, and consequently have reduced the effectiveness of the overall program. These amendments have mandated the expansion of the public service and youth employment jobs while maintaining status quo in job training categories for adults in the private sector.

The problem with this approach is that rural areas generally don't have large governmental units that can absorb the heavily funded public service employment such as that mandated by the recent economic stimulus legislation. However, in rural areas such as the Upper Peninsula there are economies that can absorb a balanced mix of private and public jobs. Therefore, we from the Six County Consortium strongly recommend that flexibility be written into CETA to allow local decisionmakers to transfer funds from one program to another.

In the Upper Peninsula such flexibility would allow us to expand our most successful program to the private sector on-the-job training,

in those counties that are undergoing economic expansion while maintaining their public service employment effort in those counties while suffering economic recession.

Senator RIEGLE. Let me just stop you at this point and ask. Have you got some important points to make here? I want you to be able to make them in the way that you feel comfortable, so don't let my pressure to have you summarize speed you up too much. But let me just ask you, with regards to the last point here, does that mean that you have had good cooperation from the private sector?

Mr. HAZELWOOD. Absolutely.

Senator RIEGLE. I take it that that has been one of the things that has made that successful for you?

Mr. HAZELWOOD. We have about a 72 percent success rate—72 percent of all the people that we put in that program are picked up by the private sector.

Senator RIEGLE. Continue.

Mr. HAZELWOOD. One of the other problems we have with the program is that we are not able to coordinate the program with other economic development programs such as EDA, and we feel ties should be developed with public works projects funded by the Economic Development Administration whereby projects could be undertaken utilizing CETA funds for the labor and EDA funds for brick and mortar.

We also recommend that in future public employment programs, approximately 20 percent of the funds be allowed for expenditures on project materials. This would encourage the local units of government who have overburdened budgets to submit project requests that would not dip into budgets supported by property taxes, which is a major concern of our area.

Another major problem that we have is coordination among CETA and State and Federal employment training programs.

In our area we feel that a council should be established under CETA to assemble first- and second-line program delivery personnel on a periodic basis to make an attempt to coordinate the delivery of services and eliminate some of the duplications which exist. We also are running into a major problem with the lack of coordination among CETA programs administered through different Federal departments. In the Upper Peninsula which contains large tracts of national forests, there are two types of CETA youth employment programs in operation that essentially are competing with one another. The six-county region which I represent is operating a youth program for high school dropouts under the Youth Community Conservation improvement project. The National Forest Service is operating a program called the Young Adult Conservation Corps. While these programs essentially serve the same clientele there is no coordination between them. By regulation the referrals to the YACC program in the national forest are made by the employment service, and referrals to the locally operated programs in our six-county region are made by the Community Action. The result is competition by agencies for referrals and shopping among programs by clients.

Senator RIEGLE. If I can just ask you at this point: Is there anything to prevent you, however, from getting in touch with the people from this other program and trying to work that out?

Mr. HAZELWOOD. There is nothing that prevents us, however, that coordination has not taken place because we have not been notified of those job openings.

Senator RIEGLE. Now I don't mean this in a critical way, but I am just trying to think about how we can sort of cross wire here because it may well be that the Federal Government will be slow in working out a perfect system, but when you see something like that happen, why couldn't you just go ahead and contact whoever is running the other program and try to talk through some procedure that maybe you can work out together so that you are not bumping into one another?

Mr. HAZELWOOD. That is appropriate if you know the program is operating. We did not know the program was operating.

Senator RIEGLE. You just found out about it?

Mr. HAZELWOOD. We did find out about it after the youth were hired, and the way we found out about it was the youth were coming over to our program and indicating that they could go over to the National Forest Service and get a job.

Senator RIEGLE. Get a better deal?

Mr. HAZELWOOD. Get a better deal.

Senator RIEGLE. So what is the situation now? Do you still have the two programs?

Mr. HAZELWOOD. Two programs operating and no coordination. Another problem we have to counsel many of the youth in an attempt to try to get them back in school. That is one of the provisions in our program that is not in theirs, and the youth are going to take the easier way out. What we would like to do if we can is set up central intake, so that youth that we feel should go on to complete their education can go into that kind of a program.

Senator RIEGLE. Why don't you continue?

Mr. HAZELWOOD. Those are basically the general problems we have with CETA. We do have several administrative problems. Of course, the major one is paperwork. I have got some examples I would like to make for the record.

In 1975 we were required to complete one form to enroll a participant in CETA. Now we must complete at least three forms for the same enrollee. The second example is the reporting requirement that is necessary to transfer a CETA participant from one title to another. The requirements in the State of Michigan, in order to transfer from title I to title VI, the following process and forms must be completed: A BET form 82 must be prepared to terminate from title I. A BET form 82 must be prepared to enter title VI. An unemployment verification BET form 84 must be prepared by the Michigan Employment Security Commission to certify the length of unemployment, and if the BET form 113 was not prepared when the participant entered title I, a BET form 113 must be prepared, and in addition, a BET form 112 must be prepared for title VI even if a BET form 112 was prepared for title I. As you can imagine, that is an awful lot of paperwork, and what it does is increase our staff just to do the paperwork. It doesn't create meaningful employment.

Senator RIEGLE. From what you can tell from looking at all of these forms, do you really think they are necessary?

Mr. HAZELWOOD. Absolutely not.

Senator RIEGLE. Why do you think they have all been developed?

Mr. HAZELWOOD. Because of the fragmentation of the programs and the development of the programs.

Client eligibility is another administrative problem facing us. Presently we operate programs under four separate titles, CETA titles I, II, III, and VI. Eligibility requirements under each of these titles is different. The minimum requirement under title I is 7 days; title II is 30 days unemployed; title III is economically disadvantaged; and title VI is 15 weeks unemployed and economically disadvantaged. We recommend standardization of eligibility requirements for at least titles I, II, and VI, and leaving title III as a special program with special eligibility.

Another area that we are having problems with is the allowance payment system. I would like to give you an example of that. Presently under CETA title I participants enrolled in classrooms training activities are entitled to an allowance, and while this allowance is necessary for some participants, in some instances it becomes a gold mine when combined with other forms of assistance. Under the present system, clients receive $2.65 per hour for every hour they attend classes during the week to a maximum of 40 hours. In addition, they receive a dependent's allowance, travel, and a living allowance, which varies among programs. In a case in which a person is a veteran, he or she is also eligible under the GI bill educational benefits.

The result of the funding from multiple sources such as CETA and the Veterans' Administration can best be illustrated by an example of one of our current participants. The particant is enrolled in the small engine repair at the Northern Michigan University Skills Center. The curriculum called for attendance for a 40-hour week. The reimbursement rate under the CETA allowance payment system is $2.65 per hour for each hour of class attended, which would be a maximum of $106 per week. In this particular case the participant was also receiving $82 per week unemployment compensation which was subtracted from the CETA payment. Consequently, the participant received $82 per week unemployment compensation and $24 per week for the CETA basic allowance payment, for a total of $106 per week.

This participant also received a reimbursement for travel at the rate of $15 per week. If the combined unemployment compensation and CETA allowance were prorated over a year, this participant would receive $6,292 per year nontaxable income.

This participant also received a GI educational benefits check in the amount of $347 per month for $4,164 prorated over a year. And combined with the benefits mentioned above, the total nontaxable income will be $10,456. Upon graduation from the skills center, the participant was placed in the motorcycle repair shop at $3.25 per hour. That we have prorated over a year totals $6,760 which is taxable. That wage compared with the nontaxable income of going to school of $10,456 illustrates the irony of providing a participant considerably higher compensation through multiple funding sources while in school only to place the participant in a job while he or she was training at a substantially lower rate of compensation.

Senator RIEGLE. I can see where it might be hard to get somebody to leave school on that basis.

Mr. HAZELWOOD. Absolutely.

Senator RIEGLE. Although I think this is an important illustration, and I am glad to have it, but normally somebody would not be on a training program for a year, would they?

Mr. HAZELWOOD. The average is 48 weeks.

Senator RIEGLE. That is close to a year.

Mr. HAZELWOOD. And approximately 20 percent of them are veterans.

Senator RIEGLE. So, in other words, this illustration would be quite typical.

Mr. HAZELWOOD. Right.

Senator RIEGLE. Continue.

Mr. HAZELWOOD. There are other problems in here such as the annual planning cycle that are addressed in the testimony, and I won't get into these problems.

We do have another major problem, however, in our area, and it has to do with title VI. I guess I will read from the testimony:

Another problem confronting us has become apparent in recent actions required by the U.S. Department of Labor for enrollment levels in title VI. Those actions give us the distinct impression that we are being penalized for the climatic conditions that exist in our area. In May 1977 we were granted relatively large sums of title VI economic stimulus funds to develop public service employment projects. Between the months of June through November a large amount of the projects were developed and approximately 400 people were employed. Approximately 80 percent of the projects, however, of necessity must be outdoors and cannot continue during the extremely cold and snowy winter months that are characteristic of our area. Therefore, many of the projects have been suspended and people temporarily laid off until the weather will allow the projects to resume and people to be rehired.

In many parts of the country I would assume title VI funds could be used to combat inclement weather conditions. However, such conditions in our area regularly are recurring and regularly are budgeted for by local units of government. They do not, therefore, qualify for title VI project funding due to maintenance of effort provisions in the legislation.

As you know, the success of the title VI economic stimulus program is not being determined by the types or quality of projects which are being implemented, but rather by the total number of people that are employed on certain arbitrarily selected dates. By regulation, if we do not have the required number of people employed on those dates, regardless of circumstances beyond our control at that given point in time, we are threatened with loss of funds even for those projects temporarily suspended by extremely severe weather.

The mandate which we have now been given is that 100 percent of the number of people the funds will support must be on the rolls by February 28. During the months of June through November we maintained that 100 percent level and above. During the months of December through January we have had to make temporary layoffs. As a result, we are faced with the loss of $450,000 from our area. The problem is compounded by the fact that much of the $450,000 is already under contract to agencies who are anxious to complete the projects as soon as the weather permits. It seems inexplicable to us that an area such as the Upper Peninsula which is economically depressed and has been for some time, would have those sorely needed funds taken away simply because climatic conditions do not allow us to utilize the funds by arbitrary dates established by the Department of Labor in Washington, D.C.

And we have resolutions supporting that and other statements.

[The prepared statement of Mr. Hazelwood and CETA application form follow:]

Comprehensive Employment and Training Act
Oversight Hearings
February 16, 1978
Grand Rapids, Michigan

Testimony Prepared and Submitted by
Thomas Hazelwood
Director
Six-County Consortium for Employment and Training

Mr. Chairman, members of the subcommittee, my name is Thomas Hazlewood, Director of the Six-County Consortium for Employment and Training. The gentleman with me is Donald Klemme, Deputy Director of the Consortium. I deeply appreciate the opportunity to appear before you this afternoon.

I have held the position of Director of the Six-County Consortium since late 1974. Our Consortium has a population of approximately 170,000 and is located in the central upper peninsula of Michigan. The Consortium consists of the counties of Alger, Delta, Dickinson, Marquette, Menominee and Schoolcraft and is part of the Balance of State Prime Sponsor structure in the State of Michigan.

While much of my testimony will be my own point of view, I am expressing that point of view in accordance with policies developed and expressed by my Administrative Board which consists of two county commissioners from each of the six counties in the Consortium.

While our Consortium is not legally a Prime Sponsor under CETA, we have been granted nearly all the rights and responsibilities of a Prime Sponsor by the Governor of Michigan. We are allowed to set priorities on how CETA funds will be spent in our area and have been granted responsibility and authority to see that they are expended in accordance with those priorities. Administratively, we receive all of our official CETA information from the Michigan Department of Labor, Bureau of Employment and Training. We have been very pleased with this arrangement and encourage other Balance of State operations to be organized in this fashion. The arrangement is functional because it assures that CETA funds can be used effectively to deal with employment problems that are unique to different areas within a state.

CETA has been a great benefit to the central upper peninsula. As a result of CETA, $20,111,676 have been fed into the economy and 1,200 formerly unemployed persons have become employed in both the public and private sectors. The CETA programs have been used wisely and well in our area and many people are grateful for their existence.

There are, however, changes that could be made in the Act and Regulations to make the programs more effective. I believe, and our Administrative Board believes, that most of the programs offered through CETA primarily are directed toward the alleviation of urban employment problems. Unfortunately, such urban-oriented programs are not always applicable to the employment problems in rural areas such as the Upper Peninsula of Michigan.

The original programs under Titles I and II of CETA provided the necessary flexibility to attack the employment problems that are characteristic of an area that is experiencing economic expansion in some counties and economic recession in others. Funds could be switched between titles and appropriate mixes of private and public job development could be established with ease by local decision makers. Amendments to the original legislation have reduced that flexibility somewhat and consequently, have reduced the effectiveness of the overall program. These amendments have mandated the expansion of public service and youth employment jobs while maintaining a status quo level in job creation efforts for adults in the private sector.

A problem with this approach is that rural areas generally do not have large governmental units that can absorb the heavily funded public service employment program such as that mandated by the recent economic stimulus legislation. However, in rural areas such as the Upper Peninsula there are economies that can absorb a balanced mix of private and public jobs. Therefore, we from the Six-County Consortium strongly recommend that flexibility be written into CETA to allow local decision makers the authority to transfer funds from one title or program to another. This flexibility will enable local decision makers to maintain a balance in public and private job creation that will yeild the most benefit for their area. In the Upper Peninsula such flexibility would allow us to expand our most successful program, which is private sector on-the-job training, in those counties that are undergoing economic expansion while maintaining the public service employment effort in those counties suffering an economic recession.

In conjunction with this, changes should also be made in public service employment programs such as Title VI to encourage programmatical ties with other federally funded economic development programs. For example, ties should be developed with public works projects funded under the Economic Development Administration (EDA) whereby project could be undertaken utilizing CETA funds for labor and EDA funds for "brick and mortar." While less private sector employment would result in the actual project, this would be offset partially by the economic benefits of purchasing the construction materials from the private sector. In areas of small business and low density population such as ours, programs of this type would have a positive impact for economic survival and recovery.

I also recommend that in future public service employment programs approximately 20 percent of the funds be allowed for expenditures on project materials. This would encourage those local units of government which have over-burdened budgets to submit project requests that would not dip into budgets supported by property tax. In addition, this would broaden the scope

of projects that are submitted for consideration and would enable local decision makers to consider more projects that have greater impact on the community than some of the present Title VI projects and project requests.

Coordination among CETA and other Federal and State employment and training programs is another area that should be addressed in new CETA legislation. In almost every community there exists a number of employment and training programs. These are operated at Federal, State and Local levels and include job development efforts in either the public or private sector or both. For the most part it is a duplication of effort and in many cases programs compete against one another for job placement. This competition has a negative impact on clients, on business institutions, and on the public's perception of the Federal government's effort to enhance employment and economic recovery. Examples of existing programs are the Work Incentive Program, Vocational Rehabilitation, and Job Service.

This approach is inefficient and in many cases very costly to the public. Therefore, I recommend that a special council be established under CETA to assemble first and second line program delivery personnel on a periodic basis to make an attempt to coordinate the delivery of services and to eliminate some of the duplication that exists. While I realize this may be a role of the planning council, I do not feel that the present structure for planning councils mandated under CETA, can institute the type of coordination that is needed. For the most part members of those councils are not affiliated with employment and training delivery agencies. Those who are, work in administrative or management areas and are not involved in the day to day delivery of services.

Lack of coordination among some existing CETA programs administered through different federal departments is also a problem. In the Upper Peninsula, which contains large tracts of national forests, there are two types of CETA youth employment and training programs in operation that essentially are competing with one another for clients. The six-county region which I represent is operating a youth program for high school dropouts under the Youth Community Conservation Improvement Project (YCCIP) and the National Forest Service is operating a program under the Young Adult Conservation Corps (YACC) in which dropouts are eligible. While these programs essentially serve the same clientele there is no coordination between them. By regulation, referrals to the YACC program in the national forests are made by the employment service. Referrals to the locally operated programs in our six-county region are made by the Community Action Agencies. The result is competition by the agencies for referrals and shopping among programs by clients. To eliminate this problem I recommend

that if federally operated CETA programs are co-existent in an area, those programs should be tied into the local CETA structure for client referral.

There are also several administrative problems I would like to address. Since CETA's inception the paperwork we have been required to maintain has increased tremendously. For example, in 1975 we were required to complete one form to enroll a participant in CETA; now we must complete at least three forms for a similar enrollment. I would like to share with you two other examples of paperwork requirements that have been established in the Balance of State of Michigan. The first example is the reporting requirement for the new youth legislation. In order to enroll a youth in the Youth Employment and Training Program, staff must prepare four forms. I have attached those forms to my written statement of this testimony. The form numbers are BET 111, 113, 116 and 119.

The second example is the reporting requirement that is necessary to transfer a CETA participant from one Title to another. In the Balance of State of Michigan, in order to transfer from Title I to Title VI, the following process and forms must be completed: A BET Form 82 must be prepared to terminate from Title I. Another BET Form 82 must be prepared to enter Title VI. Then an unemployment verification form, BET Form 84, must be prepared by the Michigan Employment Security Commission to certify length of unemployment. If a BET Form 113 was not prepared when the participant was entered into Title I, the BET Form 113 must next be prepared. In addition, a BET Form 112 must be prepared for Title VI even if a BET Form 112 was prepared for Title I. Although these forms are developed for use within the Balance of State of Michigan, they must be completed to satisfy reporting requirements that have been established by the Federal government. Copies of the BET Forms 82, 84 and 112 are also attached to this written statement.

In both examples staff increases are necessary to fulfill these requirements tending to create more bureaucracy rather than meaningful employment.

In addition, financial records for each title must be maintained separately and monthly, and quarterly reports must be submitted for every program activity. While I do not know how the situation can be corrected I do suggest that a thorough study be made of the information that is being collected at the Federal level to see if it is necessary and if it is being utilized effectively.

Client eligibility is another administrative problem facing us. Presently, we operate programs under four separate titles of CETA: Titles I, II, III, and VI. The client eligibility requirements under each of these titles is different. The minimum requirement under Title I is seven days unemployed; under Title II

it is 30 days unemployed; under Title III it is economically disadvantaged; and under Title VI it is 15 weeks unemployed and/or economically disadvantaged. I recommend the standardization of eligibility requirements under Titles I, II and VI with Title III remaining special programs with special eligibility requirements. The standardization of eligibility requirements will increase administrative efficiency and reduce participant confusion regarding programs for which they are eligible.

Other administrative problems with CETA exist in the area of allowance payment systems authorized under Title I, in the annual planning cycle and plan requirement changes, and in the Title VI expenditure levels that have created a recent crisis in our area.

Presently, under CETA Title I, participants enrolled in Classroom Training activities are entitled to an allowance. While this allowance is necessary for many participants, in some instances it becomes a "gold mine" when combined with other forms of assistance. Under the present system clients receive $2.65 per hour for every hour they attend class during a week to a maximum of forty hours. In addition, they may receive a dependent's allowance and a travel or living allowance which varies among program deliverers. In cases in which a person is a veteran, he or she is also eligible for G.I. Bill educational benefits.

The result of funding from multiple sources such as CETA and the Veteran's Administration can be illustrated by an example of one of our current participants. The participant was enrolled in the Small Engine Repair curriculum at the Northern Michigan University Skills Center. The curriculum called for attendance of forty hours per week. The reimbursement rate under the CETA allowance payment system is $2.65 per hour for each hour of class attended to a maximum of $106 per week. In this particular case the participant was receiving $82.00 per week unemployment compensation which was subtracted from the maximum CETA payment. Consequently, the participant received the $82.00 per week unemployment compensation and $24.00 per week in CETA Basic Allowance payments for a total of $106.00 per week.

This participant was also reimbursed for travel at a rate of $15.00 per week. If the combined unemployment compensation and CETA allowance payments are prorated over a year, this participant would receive $6,292 per year in non-taxable income.

This participant also received a monthly G.I. Educational Benefits check of $347, for an annual total of $4,164. When combined with the benefits discussed above the total potential non-taxable income prorated over a year would be $10,456.

Upon graduation from the Skills Center the participant was placed at a motorcycle repair shop for $3.25 per hour. That wage, prorated over a year totals $6,760 which is taxable income. That wage compared to the non-taxable income for going to school of $10,456 illustrates the irony of providing a participant considerably higher compensation through multiple funding sources while in school only to place the participant in a job for which he or she was trained at a substantially lower rate of compensation.

In view of this frequently occurring situation, I recommend that the regulations governing allowance payments under CETA be made more flexible by taking into account all Federally subsidized income, such as Veteran's benefits, that a participant may be receiving when calculating the allowance rate for that participant. I also recommend that a maximum ceiling on combined income from Federal programs be considered.

In regard to the annual planning cycle, I am concerned with the timing of the distribution of plan guidelines by the U.S. Department of Labor. It has become an annual problem for the staff in the entire Balance of State of Michigan and, I am sure with other Prime Sponsors, to wait for federal grant requirements to be distributed by the labor department. If we are to utilize the planning council effectively as an advisory group in development of the plan, federal guidelines should be available in March rather than in June which has been the case in previous years. This would allow ample time to prepare the plan under the advisement of the planning council and to submit the plan to the Administrative Board or other review bodies for review, amendments, and approval, prior to submittal to the State and Federal government.

I am also concerned with annual plan requirement changes which occur each year. The changes are generally great enough to require almost an entire rewrite of the annual plan, but not great enough in substance to merit the staff time required for the rewrite. Consequently, I recommend the adoption of a standard plan format, to be used during the entire period in which the proposed CETA legislation is to be in effect.

Since planning is such an integral component of a successful CETA program, I would like to comment on the advisory role of the planning council. In the Balance of State of Michigan, the planning council serves in an advisory capacity to the Administrative Board. With the recent youth legislation a youth planning council was mandated, and I understand that under Title VII of the U.S. Department of Labor's proposed rewrite, still another council - a local industry job council - is mandated for working with private employers. Although on paper such an extensive advisory body review system looks good, since it

maximizes local input, in a rural area such as the Upper Peninsula, with a limited population and a limited number of people willing to serve on such councils, the formation of a council for each program creates a burden on those who are willing to serve. Consequently, I believe that in rural areas such as ours, one planning council could and should serve in an advisory capacity for all CETA programs to consider program planning comprehensively.

Another problem confronting us has become apparent in recent actions required by the U.S. Department of Labor for enrollment levels in Title VI. Those actions give us the distinct impression that we are being penalized for the climatic conditions that exist in our area. In May 1977 we were granted relatively large sums of Title VI Economic Stimulus funds to develop public service employment projects. Between the months of June through November a large amount of projects were developed and approximately 400 people were employed. Approximately 80 percent of the projects, however, are and of necessity must be outdoors and cannot continue during the extremely cold and snowy winter months that are characteristic of our area. Therefore, many of the projects have been suspended and people temporarily laid off until less inclement weather will allow the projects to resume and the people to be rehired.

In many parts of the country I would assume Title VI funds could be used to combat inclement weather conditions. However, such conditions in our area regularly are recurring and regularly are budgeted for by local units of government. They do not, therefore, qualify for Title VI project funding due to maintenance of effort provisions in the legislation.

As you know, the success of the Title VI economic stimulus program is not being determined by the types or quality of projects which are implemented, but rather by the total number of people that are employed on certain arbitrarily selected dates. By regulation if we do not have the required number of people employed on those dates, regardless of circumstances beyond our control at that given point in time we are threatened with loss of funds even for those projects temporarily suspended by extremely severe weather.

The mandate that we have been given now is that 100% of the number of people the funds can support must be on the rolls on February 28th. During the months of June through November we maintained that 100% level and above. During the months of December through January, however, we have had to make temporary layoffs. As a result, we are faced with the loss of approximately $450,000 from our area. The problem is compounded by the fact that much of the $450,000 is already under contract to employing agencies who are anxious to complete the projects as soon as the weather permits. It seems inexplicable

to us that an area such as the Upper Peninsula, which is economically depressed and has been for some time, would have these sorely needed funds taken away from it simply because climatic conditions do not allow us to utilize the funds by arbitrary dates established by the Department of Labor in Washington, D.C.

In support of this last point regarding Title VI funds, I have attached a resolution approved by my Administrative Board at its February 9, 1978 meeting. I have also attached a resolution that was approved by my Administrative Board at its January 12, 1978 meeting regarding the request for more discretion for local decision makers in determining how CETA funds will be spent in their area.

Thank you very much for this opportunity to testify at these hearings. If you have any questions, I will be happy to answer them for you.

31-279 O - 78 - 15

BUREAU OF EMPLOYMENT & TRAINING

CETA APPLICATION FORM

I. TO BE COMPLETED BY ALL CETA APPLICANTS (This information is required by Federal regulations.)

1. Name _____ (Last, First, Middle)
2. Street _____
City/State _____
County _____
3. Phone ( ) _____ (Number, or where you can be reached.)
4. Today's Date _____ 5. Referred by _____
6. Soc. Sec. No. [ ][ ][ ] [ ][ ] [ ][ ][ ][ ] 7. Age: [ ]
8. Birth Date: _____ (Month) (Day) (Year) 9. Sex: ☐ Male ☐ Female
10. Ethnic Group: ☐ White ☐ Black ☐ American Indian ☐ Other (Specify) _____
11. Are you of Spanish American Descent? ☐ Yes ☐ No

12. Are you a United States Citizen? ☐ Yes ☐ No For non-citizens eligible to work, enter the number on Alien Registered Card or Arrival-Departure Record _____
13. Highest grade of school completed: [ ] Do you have a high school diploma or GED? ☐ Yes ☐ No
14. Are you currently attending school full time (or between semesters/terms)? ☐ Yes ☐ No

15. Do you, or any member of your family do migrant farming (do not return home each night)? ☐ Yes ☐ No
16. Do you, or any member of your family do seasonal farming (return home each night)? ☐ Yes ☐ No
17. Are you now, or have you ever been in jail, or on probation or parole? ☐ Yes ☐ No
18. Do you have a mental or physical handicap that may limit work activities? ☐ Yes ☐ No

19. Veteran Status: a. Have you served on active military service more than 180 days? ☐ Yes ☐ No
b. Did you receive a dishonorable discharge? ☐ Yes ☐ No
c. Did you serve in the armed forces for any period of time between August 5, 1964 and May 7, 1975? ☐ Yes ☐ No
d. Did you serve in Indochina or Korea, including the waters thereto? ☐ Yes ☐ No
e. Have you been given a veterans disability rating of 30% or more? ☐ Yes ☐ No

20. Have you ever had a CETA job, or CETA funded training? ☐ Yes ☐ No If yes, complete the following for each time you were in CETA

When _____
Where employed/trained _____
What job/training _____
Did you receive a wage? How much? _____
Did you receive an allowance? ☐ Yes ☐ No

When _____
Where employed/trained _____
What job/training _____
Did you receive a wage? How much? _____
Did you receive an allowance? ☐ Yes ☐ No

21. Work History: List last two NON-CETA employment situations with most recent employment first. Include self-employment situations and military service.

Name of Employer _____
Address of Employer _____
Employed from _____ to _____
Full Time ☐ Part Time ☐ Wage _____
Job Title _____
Briefly describe job duties _____

Name of Employer _____
Address of Employer _____
Employed from _____ to _____
Full Time ☐ Part Time ☐ Wage _____
Job Title _____
Briefly describe job duties _____

22. Family: a. Enter the total number of persons living with you, who are related to you by blood, marriage or adoption. Include yourself ___
(1) Are you considered by family members to be the head of the family? ☐ Yes ☐ No
b. Enter the total number of the people for whom you provide 50% or more of their support. DO NOT include yourself ___
(1) Do you have a relative not living in your household for whom you have assumed responsibility for support? ☐ Yes ☐ No
c. Do you receive 50% or more of your support from other family members? ☐ Yes ☐ No

23. Income: a. Do you, or any member of your family, receive ADC? ☐ Yes ☐ No
b. Do you, or any member of your family, receive any other type of cash welfare? ☐ Yes ☐ No If yes, explain _____
c. List ALL CASH income received by you and members of your immediate household

List members of family providing income (include yourself)	Types of income (wages, commissions, etc.)	Amount of income received in the last three months	Amount of income received in the last twelve months

24. Unemployment Compensation Status: a. Have you filed for Unemployment Compensation and been determined eligible for benefits? ☐ Yes ☐ No
b. Have you filed for Unemployment Compensation and been notified by the WESC office that you are ineligible and/or disqualified from receiving benefits? ☐ Yes ☐ No If yes, when did you file claim? _____
c. Are you receiving Unemployment Compensation benefits now? ☐ Yes ☐ No If yes, how many weeks have you received benefits? _____
d. Have you exhausted all State and Federal Unemployment Compensation benefits? ☐ Yes ☐ No If yes, when did you receive your last check (date)? _____

25. CERTIFICATION _____ CERTIFICATION FOR VETERANS _____

BET 211 (Revised 12/77)

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BUREAU OF EMPLOYMENT & TRAINING

CETA
DETERMINATION OF ELIGIBILITY

I. ELIGIBILITY INFORMATION - TO BE COMPLETED BY INTERVIEWER

A. Applicant:
1. Name _____ (Last, First, Middle) 2. Soc. Sec. No. ☐☐☐ ☐☐ ☐☐☐☐

B. Income: 1. Family income according to CETA. List income INCLUSIONS only.

a. Annualized income (Total for last three months X 4) $
b. If annualized income is not used to determine CETA family income, specify reason: _____

2. The applicant, or a family member is receiving: ☐ ADC ☐ Other Public Assistance ☐ Not Receiving
3. The applicant is a member of a family whose income does not exceed the OMB Poverty Income Levels: ☐ Yes ☐ No
4. The applicant is a member of a family whose income does not exceed 70% of the Lower Living Standard Income Levels: ☐ Yes ☐ No

C. Employment Status:
1. Number of weeks of unemployment at date of application: _____ weeks
2. Number of weeks of unemployment during the 20 weeks prior to date of application: _____ weeks
3. Combined number of weeks received U.I. benefits and been unemployed, during the 20 weeks prior to application: _____ weeks
4. Unemployment Compensation Status: (a) Claimant: ☐ Yes ☐ No (b) Exhaustee: ☐ Yes ☐ No

D. 1. U.S. Citizen: ☐ Yes ☐ No Eligible non-citizen: ☐ Yes ☐ No
2. County of residence at time of application: _____
3. Limited English Speaking: ☐ Yes ☐ No

II. DETERMINATION OF ELIGIBILITY

A. The applicant is eligible for the following CETA Titles:

	Yes	No
Title I	☐	☐
Title II	☐	☐
Title VI	☐	☐
Other (Specify) _____	☐	☐

B. Reason for non-selection for CETA program: _____

C. Comments: _____

D. Interviewer: _____ Date: _____

III. FOR YEDPA APPLICANTS ONLY

A. Additional eligibility requirements for YEDPA applicants only. (Also complete Section I)
1. Age at date of application/enrollment: ☐☐
2. The applicant is a member of a family whose income does not exceed 85% of the Lower Living Standard Income Levels: ☐ Yes ☐ No
3. School Status:
a. Currently attending high school, or is between semesters/terms: ☐ Yes ☐ No
b. Received high school diploma and attended last regular scheduled semester/term: ☐ Yes ☐ No
c. Has high school diploma or GED and not attending school: ☐ Yes ☐ No
d. High school dropout: ☐ Yes ☐ No
e. Attending post high school: ☐ Yes ☐ No

B. The applicant is eligible for the following YEDPA programs:

	Yes	No
YCCIP	☐	☐
YETP, In School	☐	☐
YETP, Out School	☐	☐

1. Reason for non-selection: _____
2. Comments: _____
3. Interviewer: _____ Date: _____

BET 113 (12/77)

INTAKE FORM

TO BE COMPLETED BY THE INTERVIEWER FOR ALL CETA PARTICIPANTS

1. a. PRIME SPONSOR | b. REGION | c. FUNDING SOURCE

2. PARTICIPANT'S SOCIAL SECURITY NUMBER

FOR COMPUTER USE ONLY:
Edited (Initial) (Date)
Keyed (Initial) (Date)

3. PARTICIPANT'S NAME: (Please Print)
a. Last
b. First
c. Middle

4. PARTICIPANT'S ADDRESS:
a. Street
b. Zip Code
c. City
d. GSA City Code
e. County
f. GSA County Code
g. State [M I]
h. Phone Number ( )

5. BIRTH DATE

6. AGE:

7. SEX:
1. ☐ MALE
2. ☐ FEMALE

8. NUMBER IN FAMILY:

9. NUMBER OF DEPENDENTS:

10. FAMILY STATUS: (Check One)
3. ☐ FAMILY HEAD
4. ☐ FAMILY MEMBER
5. ☐ UNRELATED INDIVIDUAL

11. HIGHEST GRADE OF SCHOOL COMPLETED:

12. FULL TIME STUDENT:
1. ☐ YES
2. ☐ NO

13. STUDENT STATUS:
1. ☐ HIGH SCHOOL DROPOUT
2. ☐ HIGH SCHOOL STUDENT
3. ☐ COMPLETED H.S., Not Attending
4. ☐ ATTENDING POST High School

14. RECEIVING PUBLIC ASSISTANCE:
1. ☐ NO
2. ☐ AFDC
3. ☐ OTHER PUBLIC Assistance

15. ECONOMICALLY DISADVANTAGED:
1. ☐ YES
2. ☐ NO

16. SPANISH AMERICAN:
1. ☐ NO
2. ☐ YES

17. ETHNIC GROUP:
1. ☐ WHITE
2. ☐ BLACK
3. ☐ AMERICAN INDIAN
4. ☐ OTHER

18. LIMITED ENGLISH SPEAKING:
1. ☐ YES
2. ☐ NO

19. MIGRANT FARM WORKER:
1. ☐ YES
2. ☐ NO

20. SEASONAL FARM WORKER:
1. ☐ YES
2. ☐ NO

21. HANDICAPPED:
1. ☐ YES
2. ☐ NO

22. OFFENDER:
1. ☐ YES
2. ☐ NO

23. VETERAN: (If yes, check all that apply.)
1. ☐ NO
2. ☐ YES
a. ☐ VIETNAM ERA
b. ☐ SPECIAL
c. ☐ OTHER
d. ☐ DISABLED

FOR COMPUTER USE ONLY:
a = 00
b = 03
c = 04
a + b = 05
a + c = 06
b + c = 07
a + d = 08
c + d = 09
b + d = 10

24. LABOR FORCE STATUS:
1. ☐ UNEMPLOYED
2. ☐ UNDEREMPLOYED
3. ☐ OTHER

25. UNEMPLOYMENT COMPENSATION:
1. ☐ CLAIMANT
2. ☐ NOT A CLAIMANT

26. NUMBER OF WEEKS UNEMPLOYED:

27. OCCUPATION TITLE OF LAST NON-CETA JOB:

28. DOT CODE:

29. HOURLY WAGE:

30. FAMILY INCOME:
$

31. FORMER CETA ENROLLEE:
1. ☐ YES
2. ☐ NO

32. TRANSFER FROM ANOTHER CETA TITLE:
1. ☐ YES
2. ☐ NO

33. U.S. CITIZEN:
1. ☐ YES
3. ☐ ELIGIBLE NON-CITIZEN

34. MEETS 85% OF LOWER LIVING STANDARD INCOME LEVEL:
1. ☐ NO
2. ☐ YES

35. FORM PREPARED BY:
DATE

36. PARTICIPANT INTAKE DATE:
MO. DAY YR.

BET 116 (12/77)

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BUREAU OF EMPLOYMENT & TRAINING — YOUTH EMPLOYMENT AND DEMONSTRATION PROJECTS ACT (YEDPA) — CETA

STATUS CHANGE/TERMINATION NOTICE

SECTION I. IDENTIFYING INFORMATION

1. Balance of State Prime Sponsor Information:
A. Prime Sponsor Code | B. BOSPS Region Code | C. Funding Source

2. This Form is Reporting
A. Component/Activity Change
B. Position or Contract Change
C. Termination from YEDPA

FOR COMPUTER USE ONLY:
Edited (Initial) (Date)
Keyed (Initial) (Date)

3. Participant Information:
A. Name (Last) (First) (Middle)
B. Social Security Number
C. County of Residence

SECTION II. HOLDING

1. COMPONENT	2. DATE ENTERING	3. DATE LEAVING	4. COMPONENT INFORMATION
A. HOLDING 70			A. Reason for Holding (specify) B. Anticipated Duration of Holding Status

SECTION III. YCCIP AND YETP-OUT-SCHOOL PROGRAMS ONLY

1. COMPONENT/ ACTIVITY	2. DATE ENTERING	3. Minority or Male	4. DATE LEAVING	5. COMPONENT INFORMATION	6. CONTRACTOR INFORMATION
B. SERVICES TO PARTICIPANTS 60		1. Yes 2. No		A. Manpower Services (Code) B. Supportive Services (Code)	A. Contractor Name B. Contract Number

1. COMPONENT/ ACTIVITY	2. DATE ENTERING	3. Minority or Male	4. DATE LEAVING	5. Initial Completion	6. OCCUPATION	7. DOT CODE	8. Hourly Wage	11. CONTRACTOR INFORMATION
E. CLASSROOM TRAINING PRIME SPONSOR 10		1. Yes 2. No		1. Yes 2. No				A. Contractor Name B. Contract Number C. Training Site
C. ON-THE-JOB TRAINING 30		1. Yes 2. No		1. Yes 2. No				A. Contractor Name B. Contract Number C. Training/Work Site
D. WORK EXPERIENCE 50		1. Yes 2. No		1. Yes 2. No				A. Contractor Name B. Contract Number C. Work Site

SECTION IV. YETP-IN-SCHOOL PROGRAMS ONLY

1. ACTIVITY	2. DATE ENTERING	3. Minority or Male	4. DATE LEAVING	5. TRANSITION SERVICES PROVIDED: (Code)	6. CONTRACTOR INFORMATION
A. TRANSITION SERVICES (ONLY) 01		1. Yes 2. No			A. Contractor Name B. Contract Number

2. DATE ENTERING	3. Minority or Male	4. DATE LEAVING	7. Initial Completion	8. OCCUPATION	9. DOT CODE	10. Hourly Wage	11. CONTRACTOR INFORMATION
B. TARGETED EMPLOYMENT EXPERIENCE 00	1. Yes 2. No		1. Yes 2. No				A. Contractor Name B. Contract Number C. Work Site

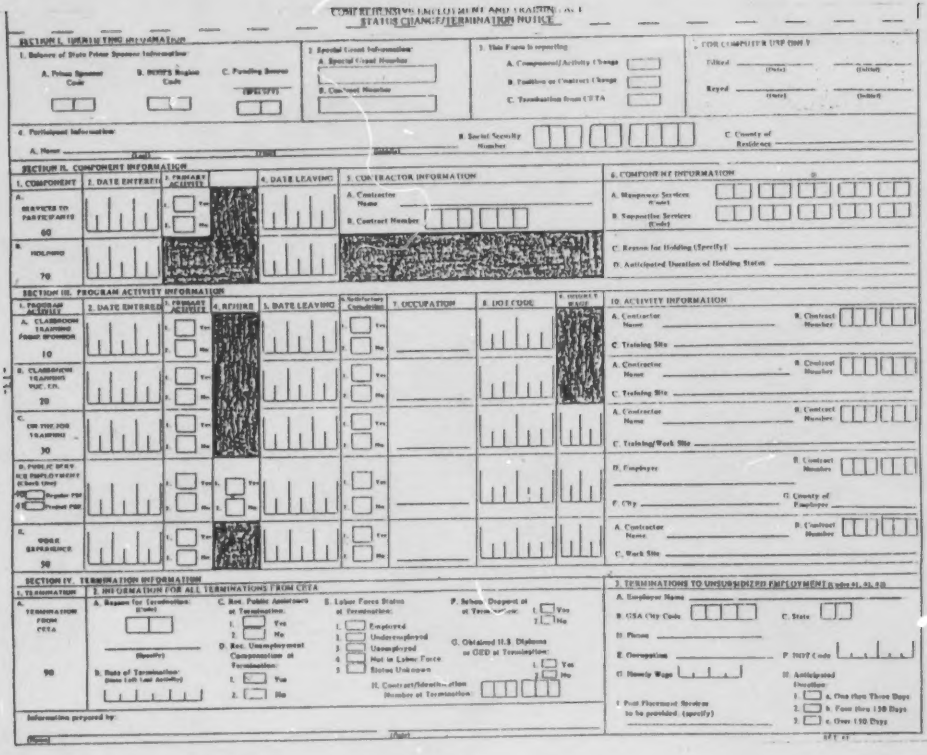
12. TRANSITION SERVICES PROVIDED (Code)

SECTION V. TERMINATION INFORMATION

1. TERMINATION	2. INFORMATION FOR ALL TERMINATIONS FROM YEDPA					3. TERMINATIONS TO UNSUBSIDIZED EMPLOYMENT (Codes 41, 42, 43)
A. TERMINATION FROM YEDPA 90	A. Reason for Termination (Code) (Specify) B. Date of Termination (Date Left (or to date))	C. Rec. Public Assistance at Termination: 1. Yes 2. No D. Rec. Unemployment Compensation at Termination: 1. Yes 2. No	F. Labor Force Status at Termination: 1. Employed 2. Underemployed 3. Unemployed 4. Not in Labor Force 5. Status Unknown F. School Dropout at Term: 1. Yes 2. No	G. Obtained GED during YEDPA enrollment: 1. Yes 2. No H. Received Academic Credit for WE during YEDPA enrollment: 1. Yes 4. No I. Contract/Job Classification Number at Termination:	A. Employer Name B. CIA City Code C. Dept H. Phone E. Occupation P. DOT Code G. Hourly Wage H. Anticipated Duration: 1. Less than 3 days 2. 4 thru 150 days 3. Over 150 days I. Post Placement Services to be Provided (Specify)

Name of Interviewer Date

ETA 119 (1/79)



COMPREHENSIVE EMPLOYMENT AND TRAINING ACT
STATUS CHANGE/TERMINATION NOTICE

SECTION I. IDENTIFYING INFORMATION

1. Subgrant or State Prime Sponsor Information:
A. Prime Sponsor Code
B. ETA's Region Code
C. Funding Source (FOR ETA)

2. Special Grant Information:
A. Special Grant Number
B. Contract Number

3. This Form is reporting:
A. Component/Activity Change
B. Position or Contract Change
C. Termination from CETA

FOR COMPUTER USE ONLY
Edited (Date) (Initial)
Keyed (Date) (Initial)

4. Participant Information:
A. Name (Last) (First) (Middle)
B. Social Security Number
C. County of Residence

SECTION II. COMPONENT INFORMATION

1. COMPONENT	2. DATE ENTERED	3. PRIMARY ACTIVITY	4. DATE LEAVING	5. CONTRACTOR INFORMATION	6. COMPONENT INFORMATION
A. SERVICES TO PARTICIPANTS 60		Yes / No		A. Contractor Name B. Contract Number	A. Manpower Services (Code) B. Supportive Services (Code)
B. HOLDING 70		Yes / No			C. Reason for Holding (Specify) D. Anticipated Duration of Holding Status

SECTION III. PROGRAM ACTIVITY INFORMATION

1. PROGRAM ACTIVITY	2. DATE ENTERED	3. PRIMARY ACTIVITY	4. REHIRE	5. DATE LEAVING	6. Satisfactory Completion	7. OCCUPATION	8. DOT CODE	9. HOURLY RATE	10. ACTIVITY INFORMATION
A. CLASSROOM TRAINING FROM SPONSOR 10		Yes / No			Yes / No				A. Contractor Name; B. Contract Number C. Training Site
B. CLASSROOM TRAINING VOC. ED. 20		Yes / No			Yes / No				A. Contractor Name; B. Contract Number C. Training Site
C. ON THE JOB TRAINING 30		Yes / No			Yes / No				A. Contractor Name; B. Contract Number C. Training/Work Site
D. PUBLIC SERVICE EMPLOYMENT (Check One) 40 Regular PSE 41 Project PSE		Yes / No	Yes / No		Yes / No				D. Employer; B. Contract Number F. City; G. County of Employer
E. WORK EXPERIENCE 50		Yes / No			Yes / No				A. Contractor Name; B. Contract Number C. Work Site

SECTION IV. TERMINATION INFORMATION

1. TERMINATION FROM CETA 90

2. INFORMATION FOR ALL TERMINATIONS FROM CETA

A. Reason for Termination: (Enter) (Specify)

B. Date of Termination: (Enter Last Date Activity)

C. Rec. Public Assistance at Termination: 1. Yes 2. No

D. Rec. Unemployment Compensation at Termination: 1. Yes 2. No

E. Labor Force Status at Termination: 1. Employed 2. Underemployed 3. Unemployed 4. Not in Labor Force 5. Status Unknown

F. Schools Dropout at Term. Year: 1. Yes 2. No

G. Obtained H.S. Diploma or GED at Termination: 1. Yes 2. No

H. Contact/Identification Number at Termination:

3. TERMINATIONS TO UNSUBSIDIZED EMPLOYMENT (codes 01, 02, 03)

A. Employer Name
B. GSA City Code; C. State
D. Phone
E. Occupation; F. DOT Code
G. Hourly Wage
H. Anticipated Duration: 1. a. One thru Three Days 2. b. Four thru 150 Days 3. c. Over 150 Days
I. Post Placement Services to be provided (specify)

Information prepared by: (Name) (Date)

EFF 07

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CETA TITLE VI

WELFARE AND UNEMPLOYMENT STATUS

VERIFICATION FORM

Applicant's Name (last, first, middle) _____ Social Security No. ☐☐☐☐☐☐☐☐☐

Check the appropriate items which apply to the applicant:

☐ a. during 15 of the 20 weeks immediately prior to application, has been unemployed as described in 94.4 (uuu) of this subtitle or has been receiving unemployment compensation benefits: PROVIDED, that during the 20 week period, eligible persons shall not have obtained permanent, unsubsidized, full-time employment; or

☐ b. during 15 of the 20 weeks immediately prior to application, has had a combination of weeks of unemployment and weeks of receiving unemployment compensation benefits: PROVIDED, that during the 20 week period, eligible persons shall not have obtained permanent, unsubsidized, full-time employment; or

☐ c. is unemployed as defined in 94.4 (uuu) of this subtitle at the time of application and is an exhaustee as defined in 94.4 (rrr) of this subtitle; or

☐ d. whose family is receiving Aid to Families with Dependent Children (AFDC) including AFDC-Unemployed Fathers, under Title IV of the Social Security Act.

Date of referral _____

Referring MESC office:

_____

_____

_____ Signature MESC Interviewer

Distribution: White copy: BOS Prime Sponsor
Blue copy: MESC
Green copy: Employing Agency

BET Form 84
Revised 10/77

BUREAU OF EMPLOYMENT AND TRAINING — COMPREHENSIVE EMPLOYMENT AND TRAINING ACT — KTH MT AK1 .KM

TO BE COMPLETED BY THE INTERVIEWER FOR ALL CETA PARTICIPANTS

1. a. PRIME SPONSOR | b. REGION | c. FUNDING SOURCE

2. PARTICIPANT'S SOCIAL SECURITY NUMBER:

FOR COMPUTER USE ONLY: Edited (Init.) (Date) Keyed (Init. 2) (Date)

3. PARTICIPANT'S NAME: (Please Print)
a. Last
b. First
c. Middle

4. PARTICIPANT'S ADDRESS:
a. Street
b. Zip Code
c. City
d. CBA City Code
e. County
f. CBA County Code
g. State | h. Phone Number ( )

5. BIRTH DATE: MO. DAY YR.

6. AGE:

7. SEX: 1. MALE 2. FEMALE

8. NUMBER IN FAMILY:

9. NUMBER OF DEPENDENTS:

10. HEAD OF HOUSEHOLD: 1. YES 2. NO

11. HIGHEST GRADE OF SCHOOL COMPLETED:

12. FULL-TIME STUDENT: 1. YES 2. NO

13. HIGH SCHOOL DROPOUT: 1. YES 2. NO

14. RECEIVING PUBLIC ASSISTANCE: 1. NO 2. AFDC 3. OTHER PUBLIC ASSISTANCE

15. ECONOMICALLY DISADVANTAGED: 1. YES 2. NO

16. SPANISH AMERICAN: 1. NO 2. YES

17. ETHNIC GROUP: 1. WHITE 2. BLACK 3. AMERICAN INDIAN 4. OTHER

18. LIMITED ENGLISH SPEAKING: 1. YES 2. NO

19. MIGRANT FARM WORKER: 1. YES 2. NO

20. SEASONAL FARM WORKER: 1. YES 2. NO

21. HANDICAPPED: 1. YES 2. NO

22. OFFENDER: 1. YES 2. NO

23. VETERAN: 1. NO 2. YES (If yes, check all that apply.) a. Recently Separated b. Special c. Other d. Disabled

FOR COMPUTER USE ONLY:

24. LABOR FORCE STATUS: 1. UNEMPLOYED 2. UNDEREMPLOYED 3. OTHER

25. UNEMPLOYMENT COMPENSATION: 1. Claimant 2. Not a Claimant 3. Exhaustee

26. NUMBER OF WEEKS UNEMPLOYED:

27. OCCUPATIONAL TITLE OF LAST NON-CETA JOB:

28. DOT CODE:

29. HOURLY WAGE:

30. FAMILY INCOME: $

31. FORMER CETA ENROLLEE: 1. YES 2. NO

32. TRANSFER FROM ANOTHER CETA TITLE: 1. YES 2. NO

33. U.S. CITIZEN: 1. YES 2. Eligible Non-Citizen

34. PARTICIPANT'S INTAKE DATE:

35. FORM PREPARED BY:

DATE

FOR SPECIAL GRANT CONTRACTS ONLY: CONTRACT NO.

BET 112 (10/77)

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The following resolution was adopted at the February 9, 1978 Six-County Consortium for Employment and Training Administrative Board Meeting.

WHEREAS, CETA Title VI funds have been granted to the Six-County Consortium for Employment and Training;

WHEREAS, the counties within this Consortium have taken extra precaution to assure that these funds are spent in accordance with the intent of the CETA Title VI regulations; and

WHEREAS, weather conditions in the counties of the Six-County Consortium do not allow acceptable outdoor projects to commence prior to the spring thaw; and

WHEREAS, there remains approximately 2,000 unemployed persons that have been certified eligible under CETA Title VI in the six county area; and

WHEREAS, the Six-County Consortium made project allocations to requesting agencies in good faith; and

WHEREAS, there are projects pending within the six counties that can be funded with CETA Title VI when weather permits.

NOW THEREFORE BE IT RESOLVED, that the Administrative Board of the Six-County Consortium for Employment and Training will resist any effort to reallocate unobligated or obligated Title VI funds to any other Balance of State Prime Sponsor, and request that sufficient time be allowed to allocate funds for Title VI projects in accordance with the intent of the CETA Title VI regulations.

The following resolution was adopted by the Six-County Consortium for Employment and Training Administrative Board Meeting on January 12, 1978.

WHEREAS, it is the intent of Public Law 93-203 entitled the Comprehensive Employment and Training Act of 1973 to allow local decision makers to decide how employment and training funds should be spent in their local area; and

WHEREAS, local governmental bodies have been created for this purpose; and

WHEREAS, amendments to the Public Law 93-203 have continually eroded local discretion on the expenditures of employment and training funds.

NOW THEREFORE BE IT RESOLVED, that the Six-County Consortium for Employment and Training Administrative Board encourages the following changes be made in the Comprehensive Employment and Training Act.

(1) Allow more discretion by local administrative bodies on the expenditure of CETA funds so that more involvement can be made in the private sector.

(2) That future legislation concentrate more on developing permanent unsubsidized employment, and

(3) Local Administrative bodies be allowed more discretion to shift funds from one title to another, if that shift will mean more effective use of CETA funds in that local area.

Senator RIEGLE. I think that is also a powerful illustration. Have you talked with administrative officials about getting some kind of a waiver on that?

Mr. HAZELWOOD. We have talked to the Bureau of Employment Training in Lansing, which is the administrative people we answer to, and they have indicated to us that because of the pressure they are receiving from both the regional office and Washington that there is no leeway and the money will be returned.

Senator RIEGLE. Have you or anybody else that is involved with the problem talked with anybody in the congressional delegation?

Mr. HAZELWOOD. No; we have sent the resolutions out. We have not been officially notified by the State that this is happening, but we have been told that it will be.

Senator RIEGLE. Are you familiar—do you have working contact with John Nelson in my Senate office in Marquette?

Mr. HAZELWOOD. Yes.

Senator RIEGLE. Why don't you take that up with John? I will speak with him about it as well, but I think maybe what we want to do is try to reach the Federal people directly as well in this situation, because obviously if it was anybody's intent to administer the program this way, I think that something is very much the matter, so let's see if we can't find some way to at least solve that problem.

Coming back just for a minute to the illustration of the young fellow here who was collecting $10,000 plus for the time he was in training, do you know enough about that particular case, do you know whether that individual, whether he went on and took a job in a motorcycle repair shop, is that it?

Mr. HAZELWOOD. Yes.

Senator RIEGLE. Did he need the training in order to make that transition to that job?

Mr. HAZELWOOD. We felt that he did.

Senator RIEGLE. In other words, he was a legitimate client?

Mr. HAZELWOOD. Right.

Senator RIEGLE. So the expenditure, while it may have been larger than one might argue that it should be, because of the different funding sources, there is no question in your mind but what this was a worthy client——

Mr. HAZELWOOD. Right.

Senator RIEGLE [continuing]. That needed help and now because of the success of the program can be moved on into the private sector of work?

Mr. HAZELWOOD. Yes; we don't feel that he was taking advantage of the program at all, but simply the fact that all of those funds were there to be used.

Senator RIEGLE. Well, let me hold my question for now. What I have asked you to bring, this extra statement is very helpful to us. Why don't we hear from you now.

STATEMENT OF WENDELL BROOKS, COMMISSIONER, MANISTEE COUNTY, FORMER CHAIRMAN, MANPOWER COMMITTEE FOR THE ASSOCIATION OF COUNTIES, ACCOMPANIED BY AL SHIPSTED, DIRECTOR, REGION TEN CONSORTIUM

Mr. BROOKS. Thank you, Senator. I will correct the first impression. I am no longer chairman for the Region 10 Consortium, but I was for the first 3 years of its operation. I am Wendell Brooks, commissioner in Manistee County, and last year I was chairman of the manpower committee for the Association of Counties.

Senator RIEGLE. Do you want to identify the chap who is with you?

Mr. BROOKS. This is Al Shipsted, the director of Region 10 Consortium.

Senator RIEGLE. We are pleased to have you both.

Mr. BROOKS. We have a region that has 10 counties, just slightly larger in population than the 6-county one up above.

Regarding the strengths and weaknesses of the CETA program as it has been operating, no one can fault the concept of full employment, but we must never let ourselves get into the position where Government is our Nation's most attractive employer. Employment opportunities afforded through CETA and/or other programs should not be so attractive as to discourage people from seeking work in the private sector, nor should Government compete with the private sector in the labor pool. Unemployment benefits and social service programs should not be so attractive that able bodied people would rather collect benefits than take jobs when offered.

We have had CETA enrollees drop out when they discovered they could receive as much by doing nothing at home. On the other hand, those given work under various government programs should not be entitled to all the benefits of career and/or union employees. There must continue to be incentives for the dedicated full-time Government employees. I feel our Government manpower programs should make jobs available to all youths seeking work, but there should be no compulsory programs in a free society. But likewise, people who turn down jobs that are available should not be entitled to jobless benefits. I would strongly urge Congress to consider reinstituting a program similar to the Civilian Conservation Corps of the thirties, making work projects available for all young people for at least 1 year after high school.

Public service employment created under CETA constitutes a definite liability to the units of Government using CETA slots when and if that Federal funding is ever withdrawn. The work project approach under the most recent title VI, we have found much more effective in treating the number of unemployed than in simply PSE slots. Administrative costs could in some cases be halved and the savings be used for more jobs if CETA funding were made either directly to the units of government or to the regions in a manner similar to that used for dispensing revenue sharing and counter-cyclical funds.

The use of CETA funds under title VI to alleviate unemployment was like applying a band aid to a cancer. The overall effect was minimal. Large-scale projects such as the WPA of the thirties would be much more effective, and still would be, when needed. With CETA, perhaps you touch 10 percent of the unemployed in an area. Perhaps

in a county with 1,000 unemployed, which is just a small county, with CETA you can handle 100. How about the other people? There is no program for them.

Senator RIEGLE. You mean because of eligibility requirements when you are saying——

Mr. BROOKS. Funding.

Senator RIEGLE. And funding. Of course, funding is always going to be a problem, but I mean as between funding and eligibility, how many of the 1,000 would we be able to get to with CETA?

Mr. BROOKS. Right. Our chief complaint from our past experiences were pretty well taken care of by Tom. The excessive paperwork and this duplication of services offered through different agencies, sometimes not even knowing that there was a similar program somewhere else, and from that standpoint we strongly recommend that all manpower projects and unemployment services be centralized through one agency.

The chief strengths of the program have been help given to thousands of individuals who have been able to go to work, to get a job, to hold their heads up again. There has been a definite lessening of the caseload on ADC, for example, right in our county with some of our project approaches. And then money has been put into circulation, and there is a certain amount of service that we have been able to give people that we could not without the CETA funds, the title VI and the public service employment. But when you create one job in private employment, it is an asset. When you create one job in Government employment, it frequently becomes a liability. It is meaning that the rest of the people have to work that much harder to pay for that one Government job. Right now we are quite concerned about the total cost of Government. So anything that the CETA program can do to get more money, more jobs going into the private sector, pushing them along, would be very important.

Right in our area—what was it, $20 million?

A VOICE. $26 million.

Mr. BROOKS. About $26 million in the last 3 years. I sometimes wonder if we had had that money to put into private industry, the creation of a plant here, a plant there, and a plant there, how many permanent jobs we would have in the community instead of this in and out, in and out, in and out. You get the picture.

Senator RIEGLE. Well, on that very point, the difficulty always with a national program is that it gets tailored for 50 States, so it fits well some places and it doesn't fit so well in other places. In an industrialized State like Michigan, we have been in effect losing a certain amount of our industrial jobs base because we have longer and colder winters and the energy costs are higher. Certain other factors have tended to cause gravitational pull of jobs and certain other economic activities out of the State to other places, so in areas like the geographic areas that you are speaking about, we run into a different problem where we don't necessarily have the most healthy kind of private environment to start slotting people into if we can see that they do have job skills. Obviously, if we are going to make the program work in some of the areas of our State, there has got to be some recognition given to the fact that something else has got to be doing so that we are building the economic in the structure so that you are going to have enough

plants or enough viable employers around to use employees that we are helping to get ready. So you make a very good point.

I don't know that CETA, by itself, can be so crafted, area by area, so that it takes into account that whole problem. There is going to have to be a certain kind of 50-State application that will be uneven by its very nature, but I worry about what you speak about there.

Let me ask you this: In terms of the people that have come through your program, and spending what I think you said was $26 million over the last years—that is a lot of money—do you have any kind of a ballpark number as to how many people who have actually been taken out of the ranks of the unemployed or the unskilled, and so forth, and moved into permanent work positions?

Mr. BROOKS. I couldn't say for the whole region. I think that in our county last summer, one little checkup that I made, it looked like about 25 percent had gotten jobs after they had gotten through with the CETA slot in the private sector. About 50 percent of our current work projects are ADC, so they went off of ADC onto a work project, which was a saving there.

Senator RIEGLE. And I assume, too, that probably with some of our young people, you are going to have an out-migration. In other words, you may do the training, but they may end up going some place else to actually find work. I assume that also is part of what is happening here.

Taken again from the vantage point of the national program, your concern is trying to equip people who are having a very tough time finding work because they may lack job skills and the capacity to really get in and get a job, but after they get the job training, it may very well be that they find a job in some other spot. I am not saying that I would encourage that. I would much rather have them find a job here. That is another bigger problem that we are working on in a number of other ways, trying to encourage that kind of broader deeper economic development generally.

Well, are there any other points you want to make at this time?

Mr. BROOKS. I think they are pretty well covered on this little sheet.

[The prepared statement of Mr. Brooks follows:]

STATEMENT OF WENDELL BROOKS

COMMISSIONER

MANISTEE COUNTY, MICHIGAN

FORMER CHAIRMAN

MANPOWER COMMITTEE

ASSOCIATION OF COUNTIES

CETA POSITION PAPER

Administration:

The backbone of CETA is local control. The involvement of the county and city commissioners makes local control work. It is becoming apparent that national CETA administration is attempting to erode this control. A study of operations letters over the past years will show an attempt by the bureaucratic establishment to undermine local decisions, i.e., target groups, hiring levels and reporting.

Any new CETA legislation should reaffirm local control.

The paperwork for CETA is ridiculous. The information required and the time frame which is given to accumulate the statistics is threatening to smother the local control. Enclosed you will find examples of forms needed just to enroll clients into the various Titles. Please note that the new Title III Youth Programs require additional information. Also, the examples do not include all paperwork, such as grant applications or weekly status reports.

The Department of Labor has instituted two new programs in the past year that appear to be categorical rather than decentralized (S.T.I.P. and H.I.R.E.). These new programs again show an erosion of local control. Congress should keep a close watch on the Department of Labor to make sure that the decentralized design of CETA is upheld at the national level.

CETA PROGRAMS:

The Public Service Employment programs have an interesting history in the rural areas. In these areas, CETA got a late start because local units of government were not eligible to become prime sponsors. In Michigan, rural areas were divided into planning areas by the State. These areas were then developed into Balance of State Consortiums. This approach was successful, but made the Balance of State Prime Sponsors late in enrolling clients. We were pushed very hard to get enrollment levels up. The push for high enrollment levels caused problems. The public was confused by the many eligibility laws and some violations occured. After a time, problems were ironed out and the programs began to run well.

As in other areas, rural CETA has long term clients in Title II PSE. Some of the clients are transfers from the old PEP programs. The people who hold these long term jobs and the sponsoring agencies who have them, look upon the jobs as permanent. It is very hard to convince these people that the funding for the long term Title II jobs may end. When they do end, it will cause local problems on how to continue the positions; in most cases the positions will be picked up by the

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employing agency, but the money will have to come locally, and will probably require tax increases to support them. The remainder of the people on PSE Titles II and VI, have been experiencing a turn over as time passes and the funding sources change.

At the present time, there are approximately 1,300 people employed by CETA PSE in Region 10 Balance of State on any one given day. The jobs these people hold vary from clerks to lumber jacks. In the PSE field, there seems to be great emphasis on office related jobs, while the project positions are much more labor intensive.

In Title I, the emphasis is now turning towards developing jobs for the private sector. Over the past three years, the work experience programs have been cut back while the On the Job Training and Classroom Training programs have expanded. Region 10 will continue to put funds into the private sector of employment as long at the job market continues to get stronger. If the job market starts to get weak and private employers reduce hiring, the Region will look toward a long term Classroom Training program and increase in work experience.

At the present time, there are 727 people enrolled in Title I training, 166 in Classroom Training, 219 in OJT, 20 in Adult Work Experience and 322 in Youth Work Experience. Of these persons, 419 are male, 308 are female; 337 are 18 and under, 133 are 19 - 21, 233 are 22 - 44, 20 are between 45 and 54 and 4 are 55 and older; 622 are economically disadvantaged.

In Title II there are 127 enrolled in PSE. 74 are male, 53 are female; 6 are under 18, 13 are 19 - 21, 85 are 22 - 44, 20 are 45 - 54 and 3 are over 55. In Title VI there are 1,053 persons enrolled in PSE and projects. There are 701 males and 352 females; 36 are 18 and under, 139 are 19 - 21, 715 are 22 - 44, 111 are 45 - 54 and 52 are older than 55; of the total 888 are economically disadvantaged.

There are two recommendations Region 10 would like to make on CETA programs. First of all PSE should be designed for the project approach. This approach leads to more labor intensive jobs and does not lead agencies into future funding problems. The second recommendation is that all persons who are eligible for CETA but cannot qualify for PSE be given compulsory training for jobs that will be available in the future.

Relation with the State:

When the Region 10 Consortium first started, there were strained relationships with the State Prime Sponsor. As time has past, the relationship has matured to the point where both agencies work well together.

The Consortium's relationship with the Michigan Employment Security Commission is strained at best. The problem is that M.E.S.C. does not like to answer to local control and local control demands that M.E.S.C. be answerable.

SPECIAL PROBLEMS

Unemployment:

Past and current problems exist between the intent and application of federal law.

Public law 94-444 passed in December, 1976, provides that persons employed in public service jobs be assured of unemployment insurance and all other benefits at the same levels and to the same extent as other employees of the employer.

The intent is clear. The application leaves much to be desired. The M.E.S.C. has been slow in applying the law through its system to the interviewer talking to an applicant for UI. We have had instances in Region 10 where a CETA participant has gone to collect UI and been told they are not covered. The participant returns to the agency or governmental unit of employ and complains. The Consortia administration finally hears the complaint and attempts to resolve the matter. This usually requires several phone calls to M.E.S.C. branch and district offices to find someone who is informed of the application of Public Law 94-444.

Retirement Benefits:

The CETA regulations published in October, 1977, prohibit the payment of funds into retirement systems for CETA participants unless those participants will obtain unsubsidized employment with the employer when their CETA funded job is over. Effective October 1, 1977, these regulations require that any payments be made into a reserve account and held in escrow until such participant achieves unsubsidized employment. This regulation and Michigan Law are in conflict and Governor Milliken asked for and received a one year moritorium on compliance. The legislature must act to bring state law in compliance with federal law. This change in law may do either of the following:

1. exclude CETA employees from retirement coverage

or

2. provide statutory basis for implementing the retirement funding procedures required by federal regulations.

In either event, problems will result. If CETA employees are excluded from retirement coverage:

Will it be retroactive? If retroactive how will funds paid into the system be recovered?

What effect will there be on bargaining agreements that require all members to be covered by retirement plans? Who will bear costs?

If payment into reserve accounts is determined:

At what level is payment made into the account and who holds the funds? Agency, county, Consortium, or State?

These questions are very important to the smooth and proper application of the law. To date, no direction has been given on what individual employers of CETA participants are to do, much less instruction passed on the Consortia.

Senator RIEGLE. I appreciate your testimony, both of you, very much, and it is helpful to us to have it. I may have some additional questions, and if so, I am going to forward those to you, and let you respond to those for the record.

Mr. HAZELWOOD. There is one other point that I failed to mention. That is, we are not considered a Federal prime sponsor but a balance of State prime sponsor, and the Governor has given us all of the rights and responsibilities of a prime sponsor in the State of Michigan. And I propose to the administration when they rewrite CETA that they also consider that other States perform in that same fashion.

Senator RIEGLE. How has that worked?

Mr. HAZELWOOD. It has worked well with us. The officials are happy with it. We are happy with it. We feel that it gives us a cushion between the Federal Government and us, and the State interprets many things and does many things for us that we don't have to do that the Federal level would require. We are really pleased with it and encourage other States to go in that direction.

Mr. BROOKS. Where you have local control, you can take care of a situation like the winter weather, and the local people know the situation. And it is the same with welfare. They know where somebody is taking advantage and where it isn't. Somebody in Lansing doesn't and somebody in Washington doesn't.

Senator RIEGLE. Well, I appreciate your testimony and I appreciate your traveling here today so we could have the benefit of your testimony.

Next I am going to ask Martin Taylor who is director of the Michigan Unemployment Security Commission. He was late getting here, and he is here now. I see you have got your material ready. Why don't you identify yourself for the record and start?

Let me just say for planning purposes, after Mr. Taylor, I am going to call the panel which will include Mr. Tardy, Ms. Geyer, Ms. Defoe, and Jim Cossingham, so if you folks can be ready, I will have you come next.

STATEMENT OF MARTIN TAYLOR, DIRECTOR, MICHIGAN EMPLOYMENT COMMISSION, ACCOMPANIED BY JOE KIMBLE, DIRECTOR OF THE EMPLOYMENT SERVICES WITH MICHIGAN EMPLOYMENT SECURITY COMMISSION

Mr. TAYLOR. Thank you, Senator. My name is Martin Taylor; I am director of the Michigan Employment Security Commission. I have with me Joe Kimble who is director of the Bureau of Employment Services with MESC.

An area that I would like to have a word or two with you about, Senator, relates to the problem of developing employment statistics for CETA purposes. As you well know, some $16 to $17 billion a year nationally is allocated among several States based upon unemployment statistics. Under the system that was operated prior to 1978, national statistics were developed through the CPS system—current population survey—a survey of approximately 55,000 households. The individual States, on the other hand, develop the unemployment statistics based on what is referred to as the handbook method or the 70-step

method. The basic component in the handbook method is the unemployment insurance data.

Recently, at the end of 1977, the Bureau of Labor Statistics announced that they were going to start a plan whereby by 1981 all of the States would be using the CPS method, and the handbook method would be out. Ten States were selected—Michigan was one of them—to initially start on the new CPS system, and the other 40 States would be using it by 1981. There have been some changes to that now, and BLS is saying they are going to go another quarterly basis with CPS and they intend to go to Congress and request that the various bills, funding bills, be amended to permit quarterly funding. The principle is still the same.

Our concern with it is the fact that the Bureau of Labor Statistics accepted as a matter of policy that under the CPS system and the direct use of CPS data in the several States, that an error rate of 10 percent, 2 out of 3 times, an error rate of 10 percent or more, 1 out of 3 times was acceptable.

As you know, I have objected, and others; I think Pat Babcock testified earlier today, he joined me in fighting against the acceptance of that high an error rate as well as the Governor of this State. Through the offices of Congressman Kildee we met last week with the Secretary of Labor and with the commissioner. An agreement has been reached that we would send a delegation of technicians to Washington to meet with BLS to look into the matter, but I would strongly respectfully urge, Senator, that a good hard look be given at this whole area by Congress, the new system of CPS, which we basically agree with. The general objective of going to the CPS system, it would have the effect of producing unemployment statistics among the several States which are comparable. Using the old handbook system, when you look at the unemployment rate calculated for Michigan, technically you cannot compare it with the rate generated in Colorado, California, or New York because of the difference in unemployment insurance laws which is a basic component. Since you are allocating $16 or $17 billion of money, that is not a good system. You should have a system when you look at the rate in Michigan you would be able to compare it with the rate in New York, California, et cetera.

Senator RIEGLE. Let me just ask you at that point: What you are saying is that given what you know about how the other States make their calculation, that maybe we are in a situation where our share is perhaps smaller than it otherwise would be if we had a more uniform method of making this calculation? Is there any reason to think that we are getting shortchanged as a result of this?

Mr. TAYLOR. Well, we have some feelings that there is a distinct possibility that we will be shortchanged. We know if you accept an error rate of 10 percent or more that there is no telling where that 10 percent may fall. It may fall on the low side or it may fall on the high side. Certainly we think that the proper objective would be to get a system with a lower error rate that was comparable with the several States, and everyone got what was their fair allotment as opposed to attempting to in effect play dice with the matter in terms as to whether the error is to your benefit or not. There is really no way that you can tell that down the road.

Senator RIEGLE. We are going to be talking with Secretary of Labor Ray Marshall next week if he has the coal strike settled by then, so we will take that up with him.

Mr. TAYLOR. More directly in the area of CETA, we do apologize to you, Senator, that a written statement is not prepared. We have to do some additional work on it, and we will submit a written statement to you on some of our concerns with CETA.

Senator RIEGLE. Fine. We will be happy to have that for the record, and we will make that a part of the record when it's received by the committee.

Mr. TAYLOR. Thank you. First of all, it is our judgment that one of the things that needs to be changed for emphasis and with re-evaluation is with respect to title I activities. We feel that with the compilation of the categorical programs on the birth of CETA that the basic principle was to assist the disadvantaged, people who could not compete in the job market. That is certainly one of the aspects to be grasped.

We feel that in the reauthorization of CETA, certainly a strong look should be given to the possibility of strengthening title I. In other words, providing some training money. We must remember, Senator, that simply giving an unskilled person a job, a public service employment job, in many instances will not suffice. They need remedial work in terms of basic education. They need specific educational training to make them competitive in the job market. If we rely too heavily on public service employment exclusively, what we simply have is a person occupying such a job for a limited period of time and then right back out in the ranks of the unemployed, so we strongly urge that more of a look be made at the title I activities.

Second, we also have some concerns about the definition of "disadvantaged" in the current CETA legislation. When you look at the definition of "disadvantaged" that was under the old MDTA, the Manpower Development Training Act, if you use the definition that was used there, the CETA participants nationally, only 40 percent of them are disadvantaged using that criteria. We would urge you to take a good look at the definition of "disadvantaged."

Again, the principle here was with the removal of the categorical programs which were calculated for the union or for the handicapped, et cetera, minorities, that CETA was supposed to emphasize and attack the problems of people with impediments entering the job market. So what we think is a definition of people that participate should clearly be ones that need assistance.

Senator RIEGLE. I take it that what you are really saying, what you are saying now, with your own experience now in dealing with unemployed people, that you are really focusing on the structural unemployment problem.

Mr. TAYLOR. That is correct.

Senator RIEGLE. Do you feel that that is where we ought to be putting a greater emphasis?

Mr. TAYLOR. That is absolutely correct, Senator. That is exactly it. Not that there is not a proper role or function of public service employment to tide people over who would not generally meet this disadvantaged definition. That is needed also, the business of in effect tiding

over during the cyclical downturns, et cetera. We are not by any means advocating that that should be abolished, but we are saying we would like to see more real disadvantaged being served directly with the CETA programs.

Senator RIEGLE. Do you have any way of calculating whether or not our structural unemployment numbers in the State have been altered over the last 3 years because of CETA? In other words, have we put enough of a dent in the problem that there is a measurable gain, or not?

Mr. TAYLOR. I personally don't think so. I think the emphasis in the last couple of years, particularly with the depression we have had in this State, is of course the title II and title VI activity public service employment to get people into jobs. It is understandable.

Senator RIEGLE. Which would be the difference in meaning that the unemployment rate was not rising as fast as it otherwise would have because we, in a sense, kept a certain number of jobs going, but in terms of a deeper base of structurally unemployed people, we are not making much progress as far as you can see.

Mr. TAYLOR. That is absolutely correct. That is our position, and I think the numbers pretty much indicate that no significant impact is made. Plus, Senator, you have to recognize the fact that for those individuals, they need more than some experience in a job. They need special training and need removal of the impediments that they have.

And a related area is the business of youth. Again the principle is the same, Senator. Youth training in our judgment has not received enough emphasis. Some of the current programs have come up for youth just in the last few months which are certainly needed, but they primarily provide employment, subsidized employment to keep kids in school. Obviously that is needed. There was during the school year part-time jobs as well as during the summer. One of the things we are concerned about is that—and I know you are aware of this—but all of the surveys and tests that have been made, that tragically high percentages of the young people coming out of the kindergarten through 12 system are functioning at a seventh, eighth, or ninth grade level. In addition, they have no job skills. The point is the same as I mentioned before. Those people need more than just public service employment. They must have training. They must have remedial work in terms of the basic three R's in addition to that and institutional training to equip them for the job market. That must be added as well as the other programs that give money and allow them to remain in school, et cetera.

Senator RIEGLE. It is frustrating for me to hear you say that because what it tells me is that we are now going to take the time and spend the resources to do the job twice. I mean, if somebody has come through school and we haven't gotten the job done the first time, you are saying in effect we are going to have to start over again.

Mr. TAYLOR. I hate to tell you that, but in my judgment that is true. I would say that if we look at a recent study that was made in Chicago where the superintendent of schools there said that they no longer would allow anyone to leave the kindergarten through 12 system unless they could pass I believe it was the seventh grade reading examination. It is well documented. It is tragic.

Senator RIEGLE. Do you see that as a real problem here in Michigan?

Mr. TAYLOR. Absolutely. Yes, sir. Yes, sir. Absolutely. The two things that must be done: No. 1 is the restoration of quality education, and then coupled with that there must be some effort for more career planning and training within the kindergarten through 12 system, because one of the things when you put your finger on it, Senator, that we have seen time and time again in manpower programs, you take a young person and you attempt to train them in a job, and the first thing you find out is that he can't read or write and he can't do simple math. So then you have to go back to remedial work to get them equipped in that regard. Then you go into the business of teaching them how to weld or to drive a truck or be a secretary, or whatever, and you are in effect doing what was not done in that multibillion-dollar program in the kindergarten through 12 system.

One of the things that we also think that some attention should be given to—and I hasten to point out that it is not a problem in the Grand Rapids area—but in some metropolitan areas and city programs, we have multiple prime sponsors in one labor market area, and in some instances this does cause a duplication of the training programs. Each prime sponsor within a metro area will look at their own group. They will use the same occupational data to develop the fact, let's say, that someone is needed in the health field, and at the same time other prime sponsors in that same labor market area will also be developing training programs for the same thing. We think there should be more coordination of the title I activities, the training activities; it should be increased and greater coordination, particularly in areas where, in Detroit for example, you have 10 prime sponsors in 1 labor market area. We think that the best thing there would be to give greater authority to the Government. I know in many instances that is not a very popular thing, but I do believe that someone, and I don't know one who is better equipped than the chief executive of the State, should have authority over the title I activities and be sure that you have training facilities available to all of the people within a labor market area.

Senator RIEGLE. I am sorry to interrupt you on that. I appreciate the time bind that you are in, and, of course, I want to get to the other witnesses who have been very patient so far today. Let me ask you, as you look at the unemployment data, one of the things that concerns me is that as we look at who is unemployed, it is dispersed evenly. We find certain categories where it is much higher than it is for other categories. For example, if we are looking at the case of minority groups, women, older workers, there is a much higher rate disproportionately than there is for people in other groups. I wonder insofar as you have been able to gage the effects of CETA, is CETA somehow taking into account there are much larger problems in certain segments of the unemployed labor market than there is across the board? Are we really taking account in those especially tough categories that we should be as far as you can judge?

Mr. TAYLOR. Well, obviously, it is a mixed bag, because you have in this State a number of prime sponsors, and, of course, throughout the country you have hundreds of thousands of prime sponsors. In some areas you will find that they are addressing the question that you have just raised. In other areas you will find that they are not. It has alarmed us that in some areas prime sponsors have used CETA

funds primarily to augment budgets and the consequence of the $10,000 ceiling limit you see too many notices for CETA that require master's education and college degrees and the local units of government supplement the $10,000 to bring it up to the market. Obviously, when you do that sort of thing you are not addressing yourself to the structural unemployment problem and minorities, youth, older workers, heads of households, et cetera.

I think there should be some assessment made of the advisability of applying some standards to CETA financed funds in terms of mix of people who are participants in the CETA programs to insure that the CETA program within a given area is in fact responding to the needs of everybody within that area, and in particular those people that you have mentioned that have certain impediments to employment.

Senator RIEGLE. Let me just indicate one of the proposed changes the administration had made, and which is one that we have to now weigh and consider, and one of the things I want to weigh the testimony we gather against. They are proposing that only 20 percent of the available CETA slots would be able to be for jobs where the wage paid for that job would be, say, in excess of $10,000, so that the remaining 80 percent of the job slot reservations would have to be for jobs that would pay $10,000 annually or less, which would be their way of trying to change this situation that has developed where in many cases you will have a $10,000 base and then you will have anywhere from $2,000, $4,000, $6,000 or higher additional in annual salary for a much higher level job. In any event, that is one of the things that we have got to weigh, whether that kind of a change in the rules would be constructive or not.

Mr. TAYLOR. In principle, I would support that type of approach because I think it is critical that we insure that the CETA funds are in fact being used to attack the problems of the people with serious impediments to employment and is not being used simply to supplement the budget because that is obviously a danger. That is obviously a danger.

Senator RIEGLE. How do you also feel about the administration recommendation of a time limit of how long somebody can remain in a CETA job?

Mr. TAYLOR. Again in principle I would. Again probably for the same reasons. I think we should be looking at—again we might make a distinction in terms of, we might do that, for example, with the title II. No: excuse me. The title VI which has a fairly liberal requirements for PSE. Perhaps you would have a shorter time frame there. For those with disadvantage you would have a tighter restriction required in terms of being disadvantaged. You might not impose as short a time limitation as you would because presumably at the time that individual is in this you are also doing something that would clear up the impediments that they have, so that when they leave that PSE job they can move into other unsubsidized employment, which obviously is in the bottom line. That is what you do want to achieve to the extent that it is possible given, you know, the state of the economy.

I think that touches on the major points I would like to present you with.

Senator RIEGLE. I appreciate your testimony. It has been very helpful to us. We are going to have some additional questions that we want to pose to you, some general policy questions, some more technical, but let us do that for the record. We will submit to you, and when we have your responses we will print those as an augmented part of this testimony.

Mr. TAYLOR. I will be happy to. Thank you.

Senator RIEGLE. Thank you for coming.

I indicated that this panel would come at this time. I know some of you apparently have time problems. Let me just inquire. Mr. Tardy, Ms. Geyer, Ms. Defoe, and Jim Cossingham, can I inquire as to your situation? I know that Mayor Drasin is also here, and I want to hear from him, and I don't know what kind of time pressure he is under. Mayor, Marty Taylor was late in arriving. He has just finished, and he has just left the table, and I had asked this other panel to be ready to go, so they are set at this time. I just want to compare whatever time pressures you may be under with whatever time pressures they are under to find out if we should try to make an adjustment here. Mr. Tardy, what is your time situation?

Mr. TARDY. We can adjust however will make the program more successful.

Senator RIEGLE. Ms. Geyer?

Ms. GEYER. I can also adjust.

Senator RIEGLE. Ms. Defoe?

Ms. DEFOE. We have got some urgent business back in Benton Harbor.

Senator RIEGLE. Jim Cossingham?

Mr. COSSINGHAM. I can be flexible.

Senator RIEGLE. Mayor Drasin, what is your situation?

Mayor DRASIN. I am also flexible.

Senator RIEGLE. Well, maybe then in light of the fact that I have indicated I am going to have this panel next, we will have the panel now, so if you want to come up.

As you are getting seated, let me welcome all of you before the subcommittee, and I appreciate the fact that you are here and that you have taken time to come and prepare your testimony. I am most interested in hearing it. I think the key to these oversight hearings is our chance to really take and work this legislation and improve this program depends upon the degree we get that kind of sense for how it is and is not working, so that we can make that adjustment.

Mr. Tardy, why don't you open it up.

STATEMENT OF RAYMOND K. TARDY, EXECUTIVE DIRECTOR, KENT COUNTY COMMUNITY ACTION PROGRAM, INC.

Mr. TARDY. Thank you, Mr. Chairman.

My name is Raymond Tardy, executive director of the Kent County Community Action program. These are my two staff persons.

Senator RIEGLE. Delighted to have them as well.

Mr. TARDY. Thank you, sir.

Our presentation today will carry the overall theme of what we believe to be Congress' intentions in the CETA legislation and how we feel these intentions are frustrated, circumvented, and often

ignored in the actual implementation of the legislation. Our statements are based on the Kent Community Action program's experience with CETA from several vantage points: (1) As a program operator contracted by the local prime sponsor to operate CETA programs; (2) as a participant in the local prime sponsor's planning process through our membership on the GRAMPC advisory planning council; (3) as an agency which has maintained and augmented services to the poor through the use of PSE slots, and; (4) as an advocate for the poor and disenfranchised of the Grand Rapids and Kent County area.

We as an agency committed to the poor are most concerned that employment opportunities are readily available to the unemployed of Grand Rapids and Kent County. Employment is the key element so often missing when one attempts to rise from poverty. However, the opportunity for employment is often clouded by an individual's ability to compete for available jobs. CETA most certainly is presently serving unemployed people, since the major overriding requirement for participation in CETA is that an individual be unemployed, such as 1 week unemployed for CETA–I; 30 days unemployed for titles II and VI, PSE, and 15 weeks unemployed for title VI projects.

The concern that we have is that length of unemployment alone does not indicate an individual's need or ability to be employed. Quite simply, the hard-core unemployed are still being missed. PSE slots created are often so demanding in the qualifications that the unskilled and undereducated cannot even begin to compete.

One of the standard answers to this problem is that the title I programs are designed to give needed skills and education to the hard-core unemployed. That is all fine and good except that there is no way a family can exist on the minimum wage which is usually the most an enrollee in CETA–I can expect as a training stipend. They therefore are more attracted to the PSE slots which have slightly higher wages. Once they have obtained one of the few PSE slots which has little or no skills required, they are considered employable, and all CETA training and educational services are unavailable to them. They are still unemployable, but there are no funds under titles II and VI which permit the delivery of supportive services to PSE participants.

Strangely enough, another barrier to serving the unemployed in real need is the criteria used to determine who is economically disadvantaged. We are by the present criteria encouraging husbands to abandon their families, applicants to lie about their income in the past 12 months, and the unemployed to exhaust all their financial resources such as their savings, if any. There is no room in the present criteria to consider unusual medical expenses in the past year, cost of housing, and so forth. After all, most people don't plan to become unemployed, and bills and expenses incurred while employed are still with us 2 months after we lose a job.

Even more shocking is the fact that the same discriminatory practices which have concerned us over the years are in existence in CETA; the worker over 45 has just as much difficulty finding a CETA job as he or she would in the private sector. A minority often encounters the same discriminatory practices on a CETA worksite as he would on a job in private industry, and youth, particularly under 18, are

almost automatically ignored for consideration of PSE and project slots and often because of administrative difficulties prevented from participating in CETA–I. These concerns must be addressed by new legislative mandates and reasonable application of guidelines.

It goes without saying that salary limits for CETA jobs should be competitive with ongoing market rates. The $10,000 ceiling occasionally prevents this, resulting in individuals making less than people in comparable positions with whom they work on a daily basis. Some agencies can and do supplement CETA salaries with funds from their own sources, but this is not always possible, and the individual suffers. Also, the creation of hundreds of jobs at the minimum wage presents a problem. People on welfare and unemployment can often better support their families on those incomes than they can on a job paying $2.65 an hour. No CETA PSE job should pay less than $3 an hour and $3.25 an hour should ideally be the minimum. If CETA cannot serve as an incentive to go to work, we have defeated its purposes and the dream of full employment in this country.

As to the fairness of allocation formulas, one can only be amused that there is any doubt about the fact that allocation formulas are unrealistic, unfair, and often based on political maneuverings instead of needs. The root of the problem seems to rest with the fact that they are, at least, officially based on employment data gathered by Employment Services offices. The data is based on figures resulting from the unemployed contacting the Employment Services office. There are hundreds of people in Kent County willing, available, and seeking employment, who have never been to the local MESC for a variety of reasons. These people, we are afraid, are not counted in local data, and the resulting allocations based on this data are insufficient to meet the real needs which exist not only in Kent County but, I am sure, across the Nation.

A continuing concern of Community Organizations such as Kent-CAP has been the disproportionate division of authority and money between prime sponsors, program agents, and private nonprofit organizations.

Essentially under the present CETA legislation many different formats are available for local administration of CETA. Structures could be formulated to insure appropriate distribution of authority and money between prime sponsors, which is local government, program agents, and private nonprofit organizations. However, due to declining tax revenues, local governments have a tremendous need to utilize CETA dollars to maintain personnel, and since CETA is often the only source available to make necessary expansions of staff, prime sponsors—local government—are reluctant to release control of CETA dollars. Lip service is paid to sharing authority to comply with vaguely worded DOL guidelines.

In Grand Rapids we are fortunate that local governments have been basically responsive to the requests of program agents and nonprofits, but we are in the position of relying on the good will of public officials or the political sophistication of nonprofits and program agents. The loser in this power struggle is the unemployed.

Jobs developed are often designed with highly skilled people in mind, sometimes a specific individual. Jobs are not designed with a concern for career development of relevancy to private industry. The

real guilty party can be found not at the local level but in Washington where Congress continually reduces or eliminates categorical grants in favor of revenue sharing formats which rarely channel dollars back into communities in the amounts received under the categorical formats.

Our greatest dissatisfaction with CETA is in the area of administrative requirements. The intent and purpose of CETA is often ignored or bent to the breaking point in order to comply with DOL and local prime sponsor administrative requirements. Recordkeeping requirements of DOL plus additional ones imposed by the local prime sponsor have made it almost impossible for small organizations to participate in CETA as program agents. There is so much emphasis on cost effectiveness in program operations that decisions are based on costs rather than effectiveness, ignoring the obvious fact that to serve the severely unemployed effectively requires greater expenditures per individual, not less.

Even more important is the fact that the unemployed are being discouraged from seeking CETA jobs because of cumbersome administrative procedures for recruitment and selection. It can take a minimum of 4 weeks to refill a vacant PSE slot. This is an improvement over the previous 8- to 10-week minimum, but this is not good enough. Jobseekers become discouraged when they have to go to three separate locations to apply for one job, fill out four and five forms per job application, and then wait several weeks to find out if they have been hired. We are screening out those who need CETA the most by drowning them in a sea of administrative redtape.

Once hired, a majority of the participants under CETA II and VI are further misused by being denied fringe benefits. Through an administrative technicality PSE employees under GRAMPC are not treated equally with their fellow employees. The CETA Act clearly states that PSE workers must receive the same fringe benefits as other employees of the employer of record. By channeling PSE slots through GRAMPC which has no fringe benefits for employees, PSE participants are denied the fringe benefits which their fellow workers receive merely because they are not on the same payrolls. Of course, this does save thousands of dollars to be used to create more PSE jobs, but at the expense of the welfare of the individual by denying simple benefits such as paid sicktime, vacation, and health insurance.

We could go on with examples of administrative practices, procedures, and requirements, which hamper or prevent serving the unemployed, but time does not permit. We will merely summarize by saying that CETA originally promised reduced paperwork and streamlined administration. Instead, we have experienced increased paperwork and increased administrative cost of prime sponsors, which leaves program agents with little or no administrative money with which to operate the programs.

Finally, we would like to point out that CETA as it presently stands is just the beginning. We have not really begun to examine the possibilities for economic development in CETA, mainly because it is not encouraged or emphasized. We are not as yet even exploring the many possible linkages between CETA and other federal funds. We have a start toward the realization of the goal of full employment in this country. CETA is perhaps the answer, but it is hampered at this point

by underfunding and the lack of involvement by Congress in what is really happening at the local level. Policy is made by Congress in virtual isolation and currently implemented by DOL in Washington in absolute isolation. By the time it gets to the local level we must make do. We must make people fit molds, sacrifice innovation for practicality, and attempt to serve the unemployed in a haphazard makeshift way. The number of unemployed people needing assistance is greater than what available statistics indicate. Presently we are prevented from effectively meeting these needs.

In closing, I would like to thank you for the opportunity to present our comments on CETA. I want to also state that the Kent County Community Action program will be available to cooperate in every manner possible in this very hopeful and significant process of making CETA more effective as it carries out the intent of Congress to employ the unemployed.

If we get a chance I would like to explain some of this.

Senator RIEGLE. Fine. I thank you for the statement. You are very to the point, and there is much in here that I agree with, although my vantage point is different than yours because you have had a chance to live with it in a different way than I have. I must say that I appreciate the point that you were making just before your closing about the isolation of Congress and the Department of Labor from, really, the grassroots of understanding of what life is really like and how things work, and that is exactly why we are here. In other words, that is why this hearing is taking place today. I want to get that testimony and get it before Congress so that before we find ourselves stamping out a new program that may run for another four years, that we really try to make some of the adjustments that our experience, that the insight we have gained ought to lead us to make.

Mr. TARDY. That is why we are proud to be here, sir, because you are doing this for us. And because what we feel you intend to do on the congressional level is missing the whole boat here, because the group that you are after is getting missed, because they are being required to fit this mold, and you cannot establish a mold for the type of people that we are dealing with, because the mold they broke out of, or they got out of, or they were kicked out of, requires that we attempt to re-civilize them. They are in the age bracket of 16 through 23, and they are something else.

We have got to do a whole remaking job here, and in order to do that we are going to have to devise ways that this program—which can do it—can be fitted to their needs, and not try to mold them to fit into this program, because they never will, and you will continue to have that 40 percent of unemployed blacks that you worry about in Washington, and you will continue to have the 58 percent of the unemployed youth, the young adults, and they are mothers and fathers now, and that it is so important that somebody gets to it, because this program can do it, but it is going to have to be reacclimated.

Senator RIEGLE. It sounds to me like you are making an appeal to give that flexibility to the people who are going to put the program together and run the program essentially at the local level.

Mr. TARDY. That is right.

Senator RIEGLE. They can then tailor it so that it fits these realities.

Mr. TARDY. That is right. You are going to have to include something else, though. You are going to have to include a mandated sign off of two agencies on whatever a local program is, whether here or any place else. It is your designated antipoverty program that should be legally required to sign off on major proposals that are being submitted within its area of jurisdiction. The MESC, the local MESC should also be required to sign off on these proposals, and for very good reasons.

Senator RIEGLE. I want to go to the next witness in a second, but let's not drop that point. I gather that what you are basically saying is that the CAP programs are maybe being bypassed or not being cranked into this process and given a chance to really reflect their own insights.

Mr. TARDY. The CAP program here in Grand Rapids is very well involved in this program. It is very well involved in the use of the service that comes out of this program, but from the standpoint of the process that comes to making the master proposal that is submitted to the regional office and to Washington, D.C., you need certain safeguards that are not here.

You have a committed agency here that is supposed to be an advocate for poor people, and it should show that. Nowhere in this legislation, is it written in. CAP is defined as a community-based organization. That is not good enough. This is too big of a project and it is too important to be missing the people that you designed this program to serve.

The other thing is that I sat in a meeting and watched representatives from MESC—the local State employment office—throughout that meeting continue to ask the question, "What is going to happen to the out-of-school kids?" And the political aroma in the particular meeting ignored them. You can't ignore the MESC. I am talking about the Michigan Labor Department. GRAMPC ignored MESC and nobody ever did say what was going to happen, but we found out what was going to happen. Forty out-of-school youth got slots. Can you imagine 40 out-of-school kids when we were working with 500 at the same time? And the money for our youth employment program has run out, and 40 got slots from all of this money that went someplace else. So MESC should have some way of going on record and saying, "We question what you are doing." We are talking about manpower. That is their thing. CAP should be required to do that because CAP is an advocate and not a "by chance" advocate, but the Federal advocate for poor people's welfare. And we should also be written into this so we can play a role, too.

I think you would find that if these two organizations were involved in it, I think there would be a lot of differences, and we are not talking about getting at CETA to destroy it. We don't destroy. We build. That is what is needed.

Senator RIEGLE. I hear what you are saying, and it is a lot to work with. We are spending something on the order of $12 billion a year annually in this country, and with the rate of growth this program has had, we are talking about a big chunk of the resources we have available to us, so your points are well taken.

Mr. TARDY. Thank you.

Senator RIEGLE. Ms. Geyer, next.

STATEMENT OF BEVERLY GEYER, DIRECTOR, EVERY WOMAN'S PLACE, MUSKEGON, MICH.

Ms. GEYER. My name is Beverly Geyer, and I am director of Every Woman's Place. Every Woman's Place is a nonprofit resource center for women which is located in Muskegon, Mich. Our funding is from CETA titles I and VI through the Muskegon-Oceana Consortium, general revenue sharing through the Muskegon County Board of Commissioners, and private donations. As an agency funded for almost 3 years through CETA to prepare economically disadvantaged women to enter the work force through a program of comprehensive counseling and support services, and as an agency which employs several people with title VI moneys, we have a great deal of experience with CETA programs.

CETA title I, the training portion of the act, grants funding to local consortiums. There was a built-in decrease in the amount allocated each year for training. The general idea, I presume, is that as more people are prepared for work, and consequently employed, the less training will be needed. There was no consideration given to the 1,300 or so young people who leave the high schools in Muskegon County every year unprepared to obtain employment, no consideration given to the accelerating economy which would force more women into the work force each year to supplement the family income.

We as CETA trainers, then, are being asked to provide more service to more people each year with fewer dollars. Our funding almost 3 years ago in our agency, for example, was $76,000 when we obtained our first funding. We served an average of 30 new clients a month, and our positive termination rate was excellent.

This year our budget is $64,000, and in the first 4 months, services were requested from 168 women. This is an increase of 37 percent in requests for services and a decrease in funding of 15 percent. This reduction in funding made it necessary in our county to place the training emphasis on AFDC recipients. The act allows these individuals to be trained and paid a $30 subsidy from CETA funds as compared to a much more extensive training allowance of minimum wage to a non-AFDC recipient. Additionally, when a client being trained receives her $30 subsidy, her food stamp allowance is cut, and the $30 is spent for transportation and clothing. This provides little incentive for her to even seek training.

While I have no objection—in fact, support the training of AFDC recipients—several difficulties have emerged. Young single people who do not qualify for AFDC have been practically excluded. Unemployed older adults with no children under 18 have been practically excluded. Further, the majority of AFDC recipients are women. There are seven occupational training areas provided in Muskegon County under CETA. Two are traditional female and five are nontraditionally female. With extensive counseling, some women with the appropriate aptitude and interest are beginning to enter the nontraditional training area. The problem begins for them after training in the job market.

Even though there have been Federal requirements for affirmative action in the hiring of women by private employers using Federal funds for several years, there is no Federal enforcement. We have factories in our city right now which receive Federal contracts and have

no women working in any capacity except clerical. I have never known the Federal Government to use in our area the economic sanctions available for failure to employ women. CETA subagents, because of their use of CETA funds, are required to employ and train adequate numbers of minority and females, and indeed, funds have been withheld by local decision, for nonperformance.

Women will continue to be unable to break into these nontraditional work areas until affirmative action is a reality. The traditional work areas cannot absorb the number of women who need to work, and they offer no more incentive than staying on ADC.

Another problem which occurs in our area with existing CETA regulations is that the tie-in with Federal and State economic development legislation is nonexistent. Our local consortium can encourage private employers to hire CETA workers, as ours does, but other than a limited amount of on-the-job training funds, there is little economic incentive for employers for doing so.

Our CETA clients are competing in the job market with highly skilled people for short periods of time. The amount of paper work required for an employer is in fact a disincentive for involvement in a CETA project. In these times, no employer that I know will hire out of social conscience at the expense of profits. Further, the restrictions in the CETA provisions which allow work experience only in a nonprofit or governmental agency is inhibiting to the CETA clients. Many times that experience is not transferable to private unsubsidized employment.

We have, for example, the community development program where grants are given to economically disadvantaged homeowners to rehabilitate their homes. We cannot find enough local contractors willing to bid on these small rehabilitation contracts. However, we are not allowed to use trainees from the skilled trainee center house repair class to do the work. Instead, the trainees are restricted to small jobs created by the public agencies or nonprofit groups.

In the neighborhood youth corps program a young person is placed in a work experience answering the phone and doing odd jobs for 12 weeks, which may teach her good work habits, but which certainly teaches her no particular skill, and I can assure you no private employer will be waiting breathlessly to hire her.

There must be some incentive for private enterprise to become involved in public training programs.

How does all of this affect women particularly, which is my particular area of concern? Women are the primary recipients of public assistance. Women are entering the job market at a greater rate than any other group. The traditional employment areas cannot absorb the numbers of women who are needing to work. Women are being trained for the same low paying job they always held because there is inadequate funding for the comprehensive training needed. Nontraditional employment opportunities are not opening up for women because equal opportunity requirements are not being enforced. More and more women are being forced onto public assistance because longtime marriages are ending, and these women do not have salable skills on the job market.

CETA cannot, because of the limited amount of training money available, provide the expensive supportive services these displaced

homemakers need. Women with children are handicapped in their efforts to become trainees because of the lack of available child care services.

What does all of this amount to in real statistics? Last year in our county, women accounted for half the number of people served under CETA title I, and they accounted for less than one-quarter of the number of people placed in unsubsidized employment. Our county is working hard to provide services to women. That is demonstrated in the funding of an agency such as Every Woman's Place to provide a more comprehensive service to economically disadvantaged women with severe barriers to employment. However, the lack of a better tie-in with the private sector, the lack of adequate dollars in title I CETA programs and supportive services, the penalties imposed on AFDC recipients who receive training, the withdrawal of meaningful local control originally promised by CETA legislation, the lack of good accurate job forecasting available to all CETA service providers, the lack of flexibility in CETA guidelines have forced us into short-term training efforts almost useless to the hard-core unemployed set up barriers to good training which are just as severe as the barriers to employment.

CETA has provided, particularly through title VI, many jobs to many people. However, it has forced college graduates into jobs which would normally be held by high school graduates and high school graduates into jobs normally held by people with less education. It has provided the temporary boost to the economy desperately needed, and if it is defunded tomorrow, we are in real trouble because not only will we have the hard-core unemployed still unemployed, but all the people now working under title VI will be back on the streets with job experience inappropriate to their training or no training at all.

I would be cutting off my nose to spite my face, as the cliche goes, since without CETA funding in our county I would be receiving—or women would be receiving little training at all if titles VI and II were withdrawn. There would be no Every Woman's Place to provide the only comprehensive training and counseling available to women in our area.

CETA is only a band-aid, but it is a beginning. The answer surely isn't to drop public funding and assume private enterprise will take over. The answer is to provide adequate funding to do quality training, look at unemployment as a long-term problem with long-term solutions, and to make the employment of CETA trainees so attractive to private employers that it will be an offer they can't refuse. Thank you for letting me testify.

Senator RIEGLE. Thank you for your testimony. There are a couple of things I want to say before you leave. I want to save some of my questions for later. It is so obvious that the private sector is not prepared to do the job on its own because that is why CETA was started in the first place. We wouldn't have CETA if the job was getting done in the private sector, but, of course, it isn't for a host of reasons, so I couldn't agree more with the conclusions that you have stated. I want to thank you, too, for your help with us in drafting the displaced homemakers legislation. It was a great help, and we appreciate it.

Now, if I may, I want you to expand a little bit on your accurate comment to the effect that women are finding themselves in a situa-

tion where they are coming into the job market at a faster rate than any other group at the present time. I think this is something that is not fully understood. I think even if somebody hears that point made, they don't really understand what it means. So I think it is important for you to take a minute and sort of elaborate on exactly the condition that we are experiencing in the society that you are saying and why this is taking place and what its implications are.

Ms. GEYER. There are a number of reasons. It is even frightening to some people, to many people, the rate at which women are entering the work force, and there is a big fear that they are taking jobs away from men. I hear it all the time.

The fact is, the number of women who are supporting themselves and family is increasing rapidly. Women are marrying later, therefore, extending the period of time in which they must support themselves as single individuals. The general economy is in such a state that more married women are having to become employed just to supplement the family income which is not adequate, and they are entering the work force in order to bring that standard of living up to the place where they can afford the milk and the bread on the table.

There are very few women working for pin money. They are working because our economy is at a place where it takes two people in a family to function anywhere near the place where they could a few years ago with only one person employed.

Senator RIEGLE. There are other factors, too, such as the divorce rate——

Ms. GEYER. The divorce rate is continuing. At least 50 percent of the marriages are ending in divorce today.

Senator RIEGLE. And I would think, too, that just the fact that women generally have a longer life expectancy, if not the reason for divorce, or death, or some other factor——

Ms. GEYER. They are alone at the other end of the spectrum.

Senator RIEGLE. They are finding themselves in a position where they have to earn incomes.

Ms. GEYER. The discrimination against people over 40, male or female, is atrocious.

Senator RIEGLE. Well, I take it that for the period of time that you have been involved that you have really had a chance to watch this really enormous change.

Ms. GEYER. Yes.

Senator RIEGLE. This is a profound societal change that is taking place.

Ms. GEYER. Yes; it is.

Senator RIEGLE. The public understanding of it really has not caught up with what is taking place, and I agree with you. I think their immediate reaction is to think that somehow women are coming in to try to take jobs away, or in some way or another, to try to compete with men who would be thought of as heads of households who need those same jobs. Our situation is one where we have got to expand our employment opportunities because the situations are really equivalent.

Ms. GEYER. That is right.

Senator RIEGLE. When somebody is a head of a household, whether it is a woman or a man, makes no difference in terms of access, and equal access to the job market and training as well.

I must say, I mean it really distresses me when I see that you have had to go from $76,000 as an annual figure to work with over 3 years down to $64,000 where your demands from clients who need help and assistance has been rocketing upward.

Ms. GEYER. That is right.

Senator RIEGLE. It is so frustrating to see statistics of that sort, and we are talking about such enormous leverage, because when you think about that sort of expenditure, it is really so miniscule in terms of the Federal Budget this year that is in excess of $500 billion. That is one-half of a $1 trillion budget, and yet on things as basic as putting people on jobs where they can go out and make their way into the job situation where they can be self-supporting and support others that they may be responsible for, I mean it is just such an obvious illustration that our priorities are just not right.

We are not putting the money on the front end where people's lives and futures are involved. Well, let me hold off on any other comments.

Ms. DeFoe.

STATEMENT OF MARY DeFOE, PRESIDENT, TWIN CITY AREA BRANCH OF THE NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, AND MEMBER, BERRIEN COUNTY ADVISORY COUNCIL ON CETA MANPOWER PLANNING COUNCIL, ACCOMPANIED BY CARL BROWN; AND THEOTIS HURSE, DIRECTOR, CITY OF BENTON HARBOR, FORMER MONITOR PLANNER FOR CETA

Ms. DEFOE. Senator Riegle, my name is Mary DeFoe. I represent the Twin City Branch of the National Association for the Advancement of Colored People as president of that branch, and also second vice president of the Michigan State Conference of Branches. I am also a member of the Berrien County Advisory Council on CETA Manpower Planning Council.

I am going to read this, and because they told me I have only 10 minutes, I have abbreviated it, and I have brought two persons with me from Benton Harbor who have things to say. One is Mr. Carl Brown who has been a displaced CETA person. And Mr. Theotis Hurse, city personnel director for the city of Benton Harbor, former monitor planner for CETA.

The charge is based on an overview of several years of participation on the Manpower Planning Council's Advisory Committee as a legal representative of a Civil Rights Organization of Minorities and the Poor, is one of discriminatory and harassing tactics practiced by the Berrien County CETA-administered program against:

1. Minority proposed proposals;
2. Minority directed programs; and
3. Programs serving a great majority of minorities.

Also, minority proposed programs that are rejected by CETA are:

1. Two proposals submitted by the NAACP.
2. The S.W. Indian Center.

3. An oriental garden proposal.
4. The Freedom Unlimited proposal.
5. The Catholic charities proposal, operated by minorities.
6. Migrant opportunities proposal to serve the poor migrant people in Berrien County.

Majority-minority programs funded by CETA and minority operated are these, like the city of Benton Harbor, Mich., funded programs; the Berrien County OIC program; the Berrien County Action poverty program; and the former Neighborhood Youth Corps, now the Berrien County Youth Services Bureau.

I have been a member of the Berrien County CETA Manpower Advisory Council since the latter part of 1974, and serve as secretary ex-officio on all subcommittees. I have attended a majority of all of the committee's meetings—executive, PSE, youth and work experience, classroom training, and the OJT and others—as well as the manpower council meetings.

Over the past years a definite pattern of discriminatory actions, and in my opinion, tactics of harassment that are obviously blatant toward the aforementioned programs.

The city of Benton Harbor's programs and those of the OIC that are serving the great majority of minorities have been constantly brought before the manpower council on one charge or another, threats of defunding, and only today the OIC program is facing defunding by the Berrien County commissioners. This program alone serves the lowest people, as I say, on the "totem pole," so to speak. I attended that meeting this morning, and it was tabled.

The former Neighborhood Youth Corps was stripped of its staff, and the program was placed under the Berrien County Youth Services Bureau's court program.

There appears to be a possible alleged collusion between Berrien County administrative CETA program and the Chicago regional office of CETA. When the Berrien County CETA administration wants to reject a minority proposal such as those brought before it by the NAACP, or recently a new proposal called HOPE has been temporarily halted until possibly the year 1979. That HOPE proposal is one that would serve through a training program—minorities—that would help rehabilitate homes in the city of Benton Harbor.

The Berrien County CETA administration has never to my knowledge gone to the extent of sending proposals that would be operated by majority, so-called white, nonprofit, or by any other white municipality agencies to the Chicago regional office to be rejected.

Berrien County does not have an affirmative action plan, timetables, or goals set for the minority, and it is inconceivable how and why Berrien County continues to receive Federal funds for CETA and economic development when it continues to discriminate and harass the area that they use—that is the city of Benton Harbor—for the high rate of unemployment statistics to receive these Federal funds.

Senator RIEGLE. Well, Ms. DeFoe, I think two things. First of all, I am going to ask Mr. Ginsburg in a second to respond. We have looked at what the protections are in the law with respect to nondiscrimination, and there is a procedure, and I want him to review that with you so we can find out if we are taking the right steps here to pursue some

of the issues that you have raised. So, Scott, do you want to just explain those steps as you understand them?

Mr. GINSBURG. Under section 712 of the Comprehensive Employment and Training Act there is a procedure established, if there is indeed an alleged violation of any laws, outstanding laws of the United States. That procedure is subject to your bringing it to the attention of the Secretary. You mentioned you went to the regional office.

Ms. DEFOE. Yes.

Mr. GINSBURG. What was the purpose of that?

Ms. DEFOE. Did I go to the regional office?

Mr. GINSBURG. Yes.

Ms. DEFOE. I have never gone to the regional office. As a matter of fact, I didn't say that. I said that the programs were submitted to the regional office.

Mr. GINSBURG. Well, I think what we need to pin down——

Ms. DEFOE. OK. Now, serving as secretary of the CETA program. I have asked to go with the manpower planning council director and the Berrien County chairman of the county commission, and never have I been invited to go to talk over any of the proposals or programs, under question or what have you. What I am saying is, this is an overview.

Senator RIEGLE. I understand, but the thing I want to clarify is that the procedure as I understand it is that if there is a suspicion that a program is not being fairly evaluated and is being turned down and discriminated against based on race or any other factor, and that sort of thing, that there is a step-by-step procedure which the law sets forward to really thrash that out because that is improper, and there is a way to get a finding one way or the other on that. As I understand the procedure—and, Scott, you correct me if I am wrong—is that initially I think the first step is to take it up with the prime sponsor. If that is unsuccessful, the next step is to take it up with the regional office. Is that correct?

Mr. GINSBURG. You can go directly to the Secretary.

Senator RIEGLE. To the Secretary of Labor now.

Ms. DEFOE. Yes.

Senator RIEGLE. And to raise this issue and to ask for a determination and to put forward the facts that you have that would back up your feelings that this thing just wasn't being conducted fair and square, but there is a mandate in the law that prohibits discrimination of that sort, so he has the power to make a finding in that area that if that part of the law is being violated that that has to be corrected.

Ms. DEFOE. We have got that information, and the process has been tried.

Senator RIEGLE. Well, I think it is important, however, to persist in that process. Let me make this suggestion to you. I have an office here in Grand Rapids, as you know, and I have staff people here. I would want to make sure that that procedure was being fully used. I am saying that, you know, maybe it has been and maybe it hasn't been, but I really think that prohibition in the law to prevent that kind of thing from happening is a real prohibition, so if you have go a situation taking place where you feel that there has been discriminatory action taking place, then that has got to be pursued.

Ms. DEFOE. OK. Could I have Mr. Brown comment?

Senator RIEGLE. Yes. I think you both should comment.

Mr. BROWN. In the area of discrimination, the procedure that we have followed—I have here a letter from the Department of Labor, signed by——

Senator RIEGLE. Why don't you summarize from the letter?

Mr. BROWN. It says:

[The letter referred to follows:]

HAVE NOT RECEIVED NOTICE OF ... HEARING BEFORE ADMINISTRATIVE LAW JUDGE. ... BY GENEVIEVE KILLEE, BOARD MAY ME ... IS SCHEDULED FOR MAY 25.

April 7, 1977

Mr. Leslie Fischer, Chairperson
Berrien County Board of Commissioners
Berrien County Courthouse
811 Port Street
St. Joseph, Michigan 49085

Re: Formal Allegation No. 76-CETA-5-026-a

Dear Mr. Fischer:

This is notice of final determination regarding the allegation of discriminatory employment practices in the Berrien County CETA Program. The allegation was made by complainants Dale Mitchell, Janet Young, Carl Dress, Janice Davis, Morris Thompson, Lester Dickens, Peggy Reed, and Patricia Wilson, all former staff members in the HYC Program operated with CETA funds.

After an examination of the facts involved, we have determined the following:

1. The complainants were afforded disparate and differential treatment from other county employees in the application of personnel policies related to transfers, lay-offs, terminations and recalls.

2. The method of termination afforded the complainants constituted a violation of Section 98.13 of the CETA regulations which requires merit based personnel policies and practices.

3. The termination of the complainants had an adverse and negative impact on the racial composition of the Berrien County CETA staff.

4. The complainants were terminated when lay-offs were not necessitated because of a lack of work nor lack of funds.

5. The CETA Department has experienced sufficient hiring opportunities to recall the complainants, a requirement clearly stated by the Hearing Officer in this matter, to date the CETA Department has not exercised its responsibility in this area.

6. The imposition of a college degree requirement for CETA staff is an arbitrary and artificial barrier to employment.

7. Six minorities with records of successful job performance in programs funded by the Department of Labor, Employment and Training Administration have been deprived of their employment and wages because of discriminatory treatment based on their race.

Pursuant to Section 98.21 of the CETA regulations, Section 703 of the CETA legislation, Title VI of the 1964 Civil Rights Act, and the assurances and certificates in the Title I Grant, discrimination because of race is prohibited. Based upon our findings in this matter, Berrien County CETA must take the following actions to remedy the discrimination:

1. Complainants Ocie Mitchell, Janet Young, Carl Brown, Janice Davis, and Patricia Wilson must be immediately reinstated to their previous or equivalent positions and must be paid comparable salaries to those employees performing similar work, e.g., Youth Counselor, Manpower Counselor.

2. Complainants Ocie Mitchell, Janet Young, Carl Brown, Janice Davis, Patricia Wilson, and Peggy Reed must be compensated for lost wages occurring because of their illegal termination. The amount payable is computed to cover the period from June 1, 1976 through March 31, 1977 and excludes earnings and compensation paid to the complainants but includes the salary increases that would have occurred had the complainants not been terminated (see enclosure).

As itemizedon the enclosure, the total amount of backwages due is $31,343. CETA funds cannot be used for payment of backwages because they are unallowable costs under Section 98.12 of the CETA regulations. This section incorporates by reference the provisions of 41 CFR 1-15 which prohibits the use of Federal funds to pay costs resulting from violations of, or failure to comply with, Federal, State and local laws and regulations.

3. Complainants Ocie Mitchell, Janet Young, Carl Brown, Janice Davis, Patricia Wilson, and Peggy Reed must be awarded retroactive seniority as of the date of their original hire.

4. The timetable for implementing the corrective actions in points one, two, and three above shall be as soon as possible, but in no event later than 30 days from the date of receipt of this letter.

5. Within 60 days of receipt of this letter, Berrien County CETA must submit an acceptable EEO Effective Mechanism, per the requirements of CETA Letter Number 127. Weaknesses in the EEO program of Berrien County CETA have been outlined by this office in letters to the Prime Sponsor dated August 12, 1975, April 30, June 2, October 23, and December 17, 1975. The revised document which is submitted to meet this requirement must contain the following ingredients of an acceptable EEO Effective Mechanism:

   a. An under-utilization analysis, by location, job classification, race and sex.

   b. The adoption of specific goals and timetables to overcome the deficiencies identified in the under-utilization analysis.

   c. An effective monitoring system of the EEO status of sub-grantees as required by Section 98.21 (g) of the CETA regulations. While the previous submission includes a monitoring system, we are aware that Berrien County as sub-grantee does not have an Affirmative Action Plan which identifies EEO problem areas and establishes goals for correcting the problems. Therefore, the document which is submitted in response to this letter must specify the standards and procedures Berrien County CETA is using to evaluate the EEO compliance of sub-grantees.

If you do not agree with our findings, you may respond to this letter within 30 days, pursuant to Subpart C, Hearings and Judicial Review, of Part 98 of the CETA regulations (specifically Sections 98.41, 98.45 and 98.47).

Your immediate cooperation with the terms outlined in this directive will be appreciated.

Sincerely,

RICHARD C. GILLILAND
Regional Administrator

Enclosure

Mr. BROWN. This is a finding. This is a determination. And then they gave correctives, remedies that would be used by the county. This has not been done. Now this happened 2 years ago. Nothing has been done. So the procedure has been followed. I think you have some communications from myself and from a Mr. Mitchell who has been involved. So what do you do? It has been shelved.

Mr. GINSBURG. May I read the law?

Mr. BROWN. Sure.

Mr. GINSBURG. Because I think it might clarify the situation. It says, "Within a reasonable period of time," but it states, "Not to exceed 60 days," the prime sponsor or eligible applicant fails or refuses to secure compliance then the Secretary has the responsibility to exercise his power to terminate financial assistance, or in the alternative is also authorized, and in addition is authorized to refer the matter to the Attorney General of the United States. So that you say there is 2 years. What Senator Riegle is saying is, if indeed the facts are as they are that——

Mr. BROWN. We have a communication dated October 18 of last year that the grievance has been turned over to an administrative law judge, and that was the last communication.

Senator RIEGLE. And presumably they are working on it now as far as you know?

Mr. BROWN. I don't have the slightest idea what is taking place, and nobody else does.

Senator RIEGLE. Well, we will find out. Now, what you are quoting to me, or summarizing out of that letter, would be the finding by the regional office to the effect that the findings that were brought were accurate.

Mr. BROWN. That is correct.

Senator RIEGLE. In other words, their finding was that there was discrimination, but you are saying there has been no remedy as a result of that.

Mr. BROWN. No remedy.

Senator RIEGLE. Well, let me take the matter up.

Did you want to make a comment, Theotis Hurse?

Mr. HURSE. OK. I am ex-Manpower Manager Monitor. I don't think the Berrien County CETA program is addressed to structural unemployment needs of Berrien County. I think we have got very few title I agencies. The ones that do get funds, they are constantly under fire. Mrs. DeFoe addressed just recently that one agency was under citation was being funded today, but I think there is no problem getting PSE employment slots. But when it comes to actual on-the-job training to provide employable skills, these are some of the things that are not being provided.

Senator RIEGLE. I take it what you are saying by inference is that there is a big need in that area too.

Mr. HURSE. We have got unemployment as high as 30 percent. In the summertime it may get up around 50 percent.

Mr. BROWN. Let me ask you then. Let's talk in terms of unemployment in the Benton Harbor area. They say it is just 20 to 25 percent, but let's get a little true facts of the situation. Now, we have 50 percent, approaching 50 percent welfare people. That is 50 percent unemployment, and that is city. And then you add to that those that are on the

unemployment rolls, then you are talking about 70 percent unemployed. Then you add to that the 10 or 12 percent of senior citizens, then you are talking about 80 percent unemployment, so you have got a community supported by welfare, and only 20 percent of the people really working. This is our facts of life, and nobody wants to deal with that. There are no jobs being created, no training being created for either men or women. I would think that there appears to be some collusion between the region and the county, and nobody is addressing themselves to correcting these things that are definitely obviously—that anyone obviously would look into it. There has been an investigation by the Department of Justice, the Department of Labor, and that was late last summer. To this date the results of those investigations have not been revealed. Where is that report?

Senator RIEGLE. Well, I knew there has been this problem and this difficulty, and that is why I asked you to testify today, because I wanted to hear you. I wanted this testimony on the record, and we will have to just take it from there. I will pursue it.

Mr. BROWN. Thank you, sir.

Senator RIEGLE. Finally, Mr. Cossingham.

STATEMENT OF JAMES COSSINGHAM, PRESIDENT, MICHIGAN COMMUNITY ACTION AGENCY AND NATIONAL CAA COMMUNITY LEGISLATIVE CHAIRMAN

Mr. COSSINGHAM. Senator, thank you very much for the opportunity to testify in front of you today. Since I am also a Community Action Agency director as Mr. Tardy is, I will take that hat off and put on another hat I wear as president of the Michigan Community Action Agency and also the national CAA community legislative chairman where we have been discussing CETA and some of the problems we have seen in CETA through the years.

The issue is jobs, and that is a major cause and condition of poverty. Since we in the Community Action Agencies are a Federal agency that has a mandate to help poor people become self-sufficient, we find it a little distressing and somewhat frustrating that there is no clearly defined role for Community Action Agencies throughout the legislation.

We heard earlier today that there is a fragmentation of Agency delivery by prime sponsors, consortiums, community-based organizations, and part of that, I believe, comes from the fact that there is no clearly defined role for a number of community-based organizations, but in particular for Community Action Agencies who play a significant part in helping the very people this legislation speaks to; that is, the poor, disadvantaged, minorities, and others.

We think this is a major oversight on the part of Congress who has given a Federal agency, that is, the old Office of Economic Opportunity and now the Community Services Administration, a major mandate in addressing the problems of poor people. That must be rectified, and I think Mr. Tardy addressed that very eloquently in his remarks.

The lack of job opportunities, just the lack of job opportunities creates a major problem for the poor. Job skills, as Mr. Taylor from MESC discussed, and which others here on this panel have discussed, is a major concern of ours, and CETA doesn't really address that issue.

After several years we still have a number of people rattling around in work experience and job training but not really receiving the kind of skilled training activities that are necessary if we are going to move some of the hard-core unemployed out of their particular situation and into the private sector.

The proper incentives, not only incentives for private industry to employ people, but incentives for poor people and hard core unemployed to work, must be addressed. Minimum wage Mr. Tardy addressed but there are other incentives that also need to be looked at for financing programs that will get people to be motivated to go to work. This has to be addressed first and foremost.

The supportive services so vital to any program are almost absent from CETA. The attitude amongst the Department of Labor people is providing money for the program, but let somebody else pick up the cost of training, the cost of child care, the cost of outreach, the cost of transportation and a number of other services that are very important to any program being successful.

Last but not least, the age-old problem of discrimination that has been addressed here on this panel today is still very prevalent throughout the CETA programs. Age discrimination; very few CETA programs really address the problems of those people who are over 60, or even over 55, who still want to work but who have other kinds of problems, either physical problems or other problems that prevent them from being involved in the work force. As you know, many industries have mandatory age limits where people can't work after they are 60 or 62.

Senator RIEGLE. We are about to change that in the Congress, as you may know.

Mr. COSSINGHAM. Right.

Senator RIEGLE. I happen to be on the side of those that are fighting to change it. We hope to lift that to 70, although I don't even think there is justification for setting it that way.

Mr. COSSINGHAM. There are a number of other public service oriented programs that senior citizens could be involved in. I think the foster grandparent program and some of the other programs that have been sponsored traditionally by the Community Action Agencies are a prime example of what can be done, but right now there is an attitude amongst prime sponsors that we need to put this money over where we can get the best bang for our buck.

Senator RIEGLE. Assuming that we are not going to have all the money we would like to work with, and that we are not going to be able to reach everybody that we want to reach—and I know that is a heartache for you and it is for me—and I wish those were not the restraints we have, but as long as we have them and we have got to make some choices as to who we put first in the line or how we decide the organization and where people are in the line, what thoughts do you have, having lived with this for some time? How do we go about devising a system as who gets priority? Is it "first come, first serve," or is it older people in deference to younger people, or what? I mean as long as we are faced with the thoughts of making the choice, what is the fairest and soundest way to try to deal with that almost impossible question?

Mr. COSSINGHAM. I think there ought to be some specific mention in the language of the legislation that says the prime sponsors should be

looking at these particular groups of people, and leaving that flexible to the local community. In our particular area we have a high concentration of senior citizens living in that community, but in other communities there may not be that high a concentration of senior citizens, but where there is a high concentration of senior citizens, prime sponsors should be encouraged to look at that particular population instead of doing what they are doing now and simply saying, "Well, you know, we are just going to wipe that particular segment off. We are not going to be involved in any senior program. We are going to put our emphasis somewhere else."

Senator RIEGLE. I buy part of what you are saying, but then why doesn't that also create a situation where a prime sponsor can take that flexibility and use it in such a way that it may yield exactly the same kind of complaint that Ms. DeFoe has brought?

Mr. COSSINGHAM. I suppose there is always that potential with this legislation or any legislation to move in that direction, but somewhere along the way we have got to address the problem of discrimination for age, sex, and race, and I think it is all tied together somewhere along the way. As she has raised the problem of racial discrimination, we also have got to be concerned about age discrimination and sex discrimination as the other panel has also mentioned.

Senator RIEGLE. Do I hear you then sort of moving in the direction of saying that we are caught in a situation where we have maybe got a base of people that is 1,000 and we are only going to be able to reach about maybe 50 to 100 at this time, then what we have got to do is we have got to engineer that program so that we get some kind of spread.

Mr. COSSINGHAM. That's right.

Senator RIEGLE. In other words, we have got to make sure that we are getting some of everybody in that mix so that you are not singling out one group or another group and putting them at the end of the line because we never get to the end of the line.

Mr. COSSINGHAM. Precisely. The Department of Labor has an obsession with statistics. Prime sponsors and others have to report to the Department of Labor. Labor has to come back to Congress, and they have to have the statistics. So what we do, we cream the crop. We take those people who are unemployed but have the best of skills, the best education, and we get them into the program, and let the rest fall through the cracks in the floor and hope they get picked up somewhere. CAA's have a real problem with that, because in our mission to help poor people, those same people come back to us and we have to try to deal with them with all of the other social resources we have, limited though they are, and deal with that kind of thing.

Senator RIEGLE. If we changed the counting system so that the really hard-core unemployed counted two for one, maybe this mania for statistics would work in just the way we would like to see it work.

Mr. COSSINGHAM. We would hope. We would hope that would happen. We would hope that the emphasis, for example, in skill training would be one of the things that would start to lift this figure to where we would start seeing more people coming back in a more positive way, as opposed now to just saying, "Just shove these people down, and we will get all of these other groups in here, and we will have a good program."

We think if we started emphasizing skill training, particularly in title I, as opposed to just work experience and on-the-job training,

but really building in the kind of time frames that allow for some good skill training. We can't get involved in skill training programs where 6 months after the program begins there is a push coming on to move that person out of that program and onto some kind of unsubsidized job. When that happens, that person will go into a job and will not be fully prepared, and 6 months later we have him or her coming back through the door again because they have been terminated or quit, or he is frustrated, or whatever, so he comes right back at us again. This is what I mean when I say we have been rattling people around in the work experience and on-the-job training bag and we really need to start focusing now on skill training with the understanding that skills training for the unemployed, hard-core unemployed, and for youth is going to take some time. It may take as much as 2 years. We do not have that flexibility in CETA now. We need to start looking for that.

Senator RIEGLE. How tough is it, by the way, have you found it in your experience to make one-by-one arrangements with private employers at the other end with a training period of 2 years, 6 months, or somewhere in between? It would seem to me that in a perfect world if we had *x* number of employers out there who were willing to participate and willing to earmark some slots where they could absorb some number of individuals throughout the time frame, if you could bring those people through your training process and have them set to go, what do you find in terms of your relationship with your employers as to whether or not they are willing? I have heard today complaints about paperwork and other reasons why employers might shy away from CETA programs.

Mr. COSSINGHAM. Well, in Calhoun County we have a very good relationship with the private sector. We have a good relationship with our prime sponsors, and we are involved in a training program that moves people into the private sector, but there again we are faced with the age-old problem of having to find people who have pretty good skills. You know, it doesn't take very long to brush them up. Maybe in 5 to 6 months you have got them to where they have some fairly good skills and you can place them out here in the private sector. Our retention rate out there in the private sector is fairly high, all things considered, but in a number of other areas where we have some other people who we try to bring into the skill training and don't have as many skills, and it takes longer than 6 months, we have had to rush them out the door to get them in the private sector. We have had a very bad experience which creates some problems in the relationship.

Senator RIEGLE. But your testimony, then, is to the effect that the private sector is not really the problem. In other words, generally speaking, you found good enough cooperation and so forth there, that that part of the equation seems to be working. It is the administrative structure and the pressures within the program itself as it sort of comes down from the Washington end and is administered that is really creating the big headaches.

Mr. COSSINGHAM. Right. I feel that—and we've got to move away from the thinking that public sector is wrong and there should be only incentive for the private sector involvement. I feel this thing has got to be a partnership, and I have heard a lot of testimony today that would imply it is an either/or situation. We hear we ought to go to the

private sector and get them to do this as opposed to the public sector. I don't think it can work that way. I think it has got to be a partnership. The private sector, the local elected officials, local government, the community-based organizations with economic development, education, it has got to be that kind of partnership with some flexibility that will allow for the right kind of time frame, not just 6 months or 7 months because we have got to meet a deadline and get reports back to Congress. We have got to have some flexibility and some time to do the right kind of training, to do the right kind of job placement, and the right kind of recruitment to take care of that particular problem. We don't have that kind of flexibility now, and we find ourselves in this very competitive thing with an obsession for statistics, and we rush people through the back door and get them out, which means we cream the crop, leaving some people behind. There has got to be a partnership. There has got to be some time frames that are realistic if you really want to get the hard-core unemployed and the disadvantaged.

Senator RIEGLE. One of the problems that Marty Taylor was mentioning when he was here was sort of the base skill problem even beneath the training problem, you know, in terms of what somebody got as they were going through a public school system, whether there was a deficiency in reading and writing skills that there is sort of a pretraining reeducation, or maybe not even reeducation, but education process that has got to take place also. Does that correlate to your experience too?

Mr. COSSINGHAM. Yes.

Senator RIEGLE. How serious is that problem?

Mr. COSSINGHAM. It is a very serious problem. It is an extremely serious problem. We have young people, and even some older people who, as Mr. Taylor said, and Mr. Tardy said, some of these people are now older than 25 or 26, and maybe they just barely got through high school, and they can't read or write at a fourth or fifth grade level. They have a hard time filling out forms for a job application in a business, to say nothing about the other kinds of problems that come up with understanding how to run equipment and how to do certain kinds of jobs. It is a preattitudinal problem as well as a skill problem that has to be addressed. Unfortunately, that is not being addressed.

Senator RIEGLE. What would we need to put into CETA that would have to work its way down to make available to you what you would need to tackle that part of the problem?

Mr. COSSINGHAM. I think we would need to have a skill training program within title I. When I say "skills training," it takes in the kind of thing that Mr. Taylor was talking about with the PSE service. A skill training program that addresses the very thing that we are talking about, addresses teaching people just good work habits, to get up in the morning, to have to be at a place on time, to how to fill out the right forms, how to interact with your supervisor, how to know about grievance procedures, and these kinds of things, so that they will remain out there and become a better person as a result of that kind of training. We don't have that now. We have the kind of thing where we push people into the job, on-the-job training, and starting right there, there is a problem because people don't know all of these various things. They don't realize they have to get up and go to work on time. They don't know how to go about getting transportation. They don't

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know how to interact with their superiors if there is a grievance. You know, they get riled up, and there is some bad language or other undesirable exchange and they are right back out the door, and we see them again.

Senator RIEGLE. Well, knowing that that problem exists, and that is part of what really affects whether this can be a successful hookup, how do you handle that now? I mean, you know about that need. You are strapped for resources, but still you must make some kind of stab to try to get that done. What are you doing to try to deal with the problem now?

Mr. COSSINGHAM. One of the things that we have been able to do is to convince the private sector in our area—and I have to give them an awful lot of credit—is that we have what we call a followup service. When we place people out there in a job with a private employer they know if there is a problem they can call back to our office and a certain person will go out there right now and sit down with them and with our trainee and work with that person until they can find some way to resolve that difficulty. The reaction from the private sector has been, "My God, where have you been?" We have had this service for years and years and years. I am sorry, but the ES does not provide that service, and the prime sponsor hasn't provided that service, and it is only because of our own initiative as an agency in looking at that kind of problem and seeing people come back through the door that we have tried to address that problem. But even now, as we start involving more and more people, because CETA is getting bigger and bigger, the constraints on us to keep providing that service, puts us in such a position where that service is very limited.

Senator RIEGLE. It sounds to me, too, like you almost need an in-house capability to, you know, really sort of do an evaluation of each person in terms of some testing of some of these basic skills, and you almost need sort of a place and a facility where you could actually do some diagnostic and sort of remedial work before somebody necessarily, or even maybe at the same time, maybe these two things sort of overlap. Maybe somebody starts a training experience at the same time certain other things have to take place.

It seems to me if we don't really target that problem, what we are doing is we are immediately segmenting out a big chunk of the structurally unemployed people. That means that either because of the mania for good statistical accomplishments, people aren't even going to take them into the program, or if they come there is going to be the revolving door problem. They are going to keep going round and round. So it seems to me if we really want to talk about dealing with the structural unemployment problem, so that those conditions, those preskills, those base skills have to be there if this thing is going to work, so that we have got to concentrate attention, resources, capabilities on that part of this puzzle, and it seems to me if we don't do that, we are not going to be able to back our way down into that structural unemployment group which is the toughest group, which takes the longest, where the success ratios are not going to be, you know, as good as for somebody else if we take the creaming route, as you call it, where you take somebody who is basically all set to go and just get them matched up with an opportunity.

Mr. COSSINGHAM. We agree with that, and we also make a case that because there are 900 community action agencies across the United States there already is a network in place to help start doing that if the resources are available and the role, as I mentioned before, is spelled out for us to do that.

It is interesting to me that here in Michigan there are 8 community action agencies out of 30 as of April 1977 that had no defined role and sponsored no particular manpower programs in the State. Some of these agencies are agencies that have already demonstrated their effectiveness and their efficiency in many other areas.

We have attached for your review a copy of the funding report for April 1977 that is being updated at the present time, indicating that there are a number of CAA's that are actively participating with Manpower, but there are a number who are not, for whatever the political reasons may be, or whatever the other kind of problems that come about that Mary and some of them here have discussed. There needs to be a defined role, and we don't understand how anyone here can even talk about trying to serve the disadvantaged and poor without talking about community action.

Senator RIEGLE. Well, I think that is an important point, but it is typical, by the way, I might say, of the way the Federal Government does business, start down a thousand roads at once and keep branching off, and pretty soon, you know, somebody is traveling here and somebody is traveling beside you, and you don't know what they are doing and they don't know what you are doing, and maybe you are doing the same things, or maybe they are trying to undo what you are trying to do. This is part of the dilemma we are faced with now, is how we step back from all this and make some rational adjustments and modifications.

Mr. COSSINGHAM. It continues to promote the fragmentation that was mentioned here earlier. We would hope that Congress in their wisdom by oversight and your appearance here would start taking a hard look at those concepts and situations.

We have one or two recommendations as it pertains to evaluation. We feel that prime sponsors should be required to have an annual audit of their program and their program performance. As it is now, there is an auditor that may not come into your agency or into your county to audit you for 2 or 3 years. How do you have a handle on whether your program is doing a good job or not unless you have an annual audit process? Most of us who operate and are involved in several programs are required to have an annual audit. Why should prime sponsors be any different?

The other part that we think should happen is the results should be published just as you have multiple units of government publishing their results of their revenue sharing plans in the local newspaper and the local media, and we feel that there should be a requirement for CETA to have the results published both before and after so that the people in the community know there is a certain amount of money that hasn't been spent that is going to either be lost or has to be programed, and maybe people will come forth with some ideas as to how that money can be better utilized. At the present time that doesn't happen.

Senator RIEGLE. I agree with you. I like your idea, and I agree with you that this lack of visibility, I don't think serves a good purpose.

Mr. COSSINGHAM. And the checkoff that Mr. Tardy mentioned, was the other area that we feel is extremely important. The local community action agencies and the local ES systems, and maybe other community organizations who are involved should also sound off on this local plan.

In my opinion, this would insure a partnership that will help eliminate some of the fragmentation and help to insure better cooperation than exists at the present time.

Senator RIEGLE. Well, I want to thank all of you for coming today, and for your testimony, and for your work on these problems, and I will see to it that your observations and suggestions are widely shared.

I may be getting back to one or more of you with some additional questions and things that I would like to have you elaborate on for the record, but I appreciate your testimony today.

Mr. COSSINGHAM. Senator, we thank you.

Senator RIEGLE. Mayor Drasin, let me welcome you and your subcommittee, and say it is a great pleasure to have you here, and I appreciate your patience in terms of schedule today.

We are very much interested in your observations personally and as mayor of the city of Grand Rapids as to how the CETA program has been working and what some of your suggestions might be for us to consider as to how it might be done differently and better. So why don't you go ahead and present your testimony.

STATEMENT OF ABE L. DRASIN, MAYOR, GRAND RAPIDS, MICH., ACCOMPANIED BY KENNETH MURRAY, DEPUTY MANAGER, GRAND RAPIDS, MICH.

Mayor DRASIN. All right, Senator Riegle. I would like to say how happy we are to have you here in Grand Rapids, and if I am not in my usual fair voice it is because I have just returned from Lansing where I testified before a committee of the state legislature.

Incidentally, I have beside me the deputy manager of the city of Grand Rapids, Kenneth Murray.

I think it is fairly average, fairly normal, that the head of an organization, be it chairperson or president of an organization or a program probably knows less about that program than almost anyone else in it. That is partly popular, and partly true.

Mr. Murray is the administrative officer of the citizens who is more closely engaged in CETA than perhaps any other individual administratively in the city.

But, to be formal, I am Abe Drasin, mayor of the city of Grand Rapids and chairperson of the Grand Rapids Area Manpower Planning Council, or GRAMPC as we refer to it. GRAMPC is a consortium consisting of the city, Kent County, and the neighboring counties of Allegan, Ionia, and Montcalm.

The consortium annually receives, or I should say presently receives—it didn't always receive it—about $31 million in funds under the Comprehensive Employment and Training Act of 1973. Some $5

million is received under title I, and about $24 million under titles II and VI, and the remainder is received through title III. In addition, we expect to receive $1.5 million under the various parts of the new youth legislation.

Since its inception, CETA has gradually changed both its appearance and its role. It was originally designed as a training device for the low and moderate income persons who needed assistance in either entering for the first time—entering the job market for the first time—or reentering the job market. With the changes and increases in funding necessitated by the past recession, it appears to be evolving into a make-work program geared to the long-term and the hard-core unemployed.

I am not saying this is wrong. Given the current labor pool in Grand Rapids, the long-term and hard-core unemployed persons are the available source from which we must draw. But the present combination of that labor pool, the project mode of funding, and administrative restrictions on the program result in the type of job which does not lead to much upward mobility. The three factors cause the program operators to develop jobs which are generally menial WPA-type light labor with little or no training for the participant and little tangible, long lasting result for the program operator.

The salary limitations which exist also aid in the creation of this effect. In Grand Rapids, our salary scale is such—that is, in the city of Grand Rapids system—that very few employees receive less than $10,000 annual salary. The ability to supplement salaries reduces the problem now. I understood, though, that the administration is proposing a 20-percent ceiling on salary supplements. If the supplement limit is enacted, it will further reduce our ability to create meaningful jobs. The $10,000 ceiling was enacted several years ago. We all are aware of inflationary erosion that has occurred since then. The salary ceiling should be raised to adjust for inflation with no limits on supplements.

The literature which the city receives from its national organizations indicates that the administration is considering a 78-week limit on the length of time a person can be enrolled in public service employment. There is merit to that. It will create turnover and afford more people access to the program. Indirectly, it will emphasize training where there are meaningful jobs.

However, there is another edge to this issue. The proposal would include those persons already enrolled in the program. In the past, the emphasis has been on providing stable job opportunities for participants. This emphasis has led to the city creating 140 permanent, CETA-filled positions, including our fire and police services. To dismiss these employees in 1 year's time would bring havoc to our public services. I encourage you to create a mix of positions, allowing some to be designated for permanent occupancy and others—a large majority—to be designated as being of limited duration.

The project concept has been a serious detriment to CETA in the past year, in my opinion. Each of the jurisdictions comprising GRAMPC has had difficulty in reaching its hiring goals. Although the project mode is not the only factor causing the problem, it is clearly the most significant. To establish a time limitation on all positions and retain the project mode at the same time would seriously damage

the ability of local governments to conduct an effective program. A time limit on positions would by itself force a project approach to CETA without the extra restrictions.

In addition to these program concerns, I would strongly urge you to examine closely the administrative requirements of CETA. Few Federal programs can match CETA for the sheer volume of rules and regulations and reporting requirements. The combination of the administrative reporting for titles II and VI will help, but that still is not enough.

The number and frequency of reporting requirements needs to be reduced. Regulations should not be altered or reinterpreted on an almost daily basis. But, most importantly, the Federal Government needs to begin trusting local government and to give us the benefit of the doubt rather than cross-checking with multiple reports and procedures.

The allowable administrative funds are more than adequate for the presently permitted uses. At least, that is the experience for this prime sponsorship. Our consortium recently released $1.3 million in unneeded administrative funds for programs. But there are two restrictions on these funds which, if lifted, would provide a much improved program.

First, I feel strongly that the employment and training of persons responsible for supervising CETA personnel at the work site should be an eligible use of administrative funds. Our ability to use CETA personnel depends on our ability to supervise the work.

The second area is the use of CETA funds for the purchase of supplies and materials. After meeting normal administrative expenses of the prime sponsor and the program operators, there is little money left for the acquisition of supplies and materials. Program operators have had to provide their own. In addition to supervision, the ability to utilize CETA participants depends on the operators' ability to finance supplies and materials out of their own funds.

When we are required to maintain our employment levels, that maintenance of effort is financed by reductions or limitations in expenditure in other areas, including supplies and materials. Thus the maintenance-of-effort requirements restrict the ability to utilize CETA resources. I would encourage you to amend CETA to permit some limited use of nonadministrative funds for supplies and materials, such as equipment and small construction supplies as necessary.

One thing that concerns us in Grand Rapids is our ability to link CETA with economic and community development. Until now our development efforts and our CETA efforts have been separate. As Grand Rapids enters a period in which we will be revitalizing downtown and seeking improved industrial and commercial opportunities, we will be looking for opportunities to link CETA and our development programs. Indicative of this attitude is the fact that our city development coordinator is formerly the deputy director of the department in which the CETA administration is housed. I regret that he was unable to be here today to share with you some of the opportunities we are investigating.

As a first step, we have been able to link CETA with other Federal funds. The city grants portions of its general revenue sharing funds to private nonprofit agencies in conjunction with CETA positions to

reinforce the operations of these social agencies. Parks and open space areas obtained through community development funds are supervised and maintained by persons acquired by CETA. Security at various federally assisted public housing sites is provided through CETA personnel, and we are now considering the possibility of using CETA funds to employ as resident managers persons living in those housing developments.

Our ability to utilize CETA in these linkages and to develop means of using it to promote community economic development depend upon our assurance of continued funding support. In its effort to create, in the short run, all of the jobs the administration has promised, the Department of Labor has created some long-run insecurities. We have been told that no funds will be carried beyond September 30 of this year and that all unobligated funds will be withdrawn.

Grand Rapids' unemployment rate has dropped below the 5-percent level, the Kent-Ottawa County metropolitan area, our SMSA area, is down to 4.2. We have no guarantee—nor do we seek any—that we in this area will receive the funds necessary to continue our present level of employment even though the administration is requesting the same amount of funds nationally. This makes it difficult to project our resources beyond September 30 and to make the kind of commitments necessary to link CETA with economic development. I urge you to consider some kind of phasedown provision so that cities like Grand Rapids, who face a possible reduction in funds, will not have their program slashed overnight. A phased reduction such as that embodied in the Housing and Community Development Act would make program transition easier, would allow us to fulfill certain commitments, and would permit us to plan into the future the best alternative uses of the resources.

In closing, I urge you to act speedily on the reenactment of CETA. The reenactment should provide some administrative efficiencies, grant realistic salary limitations, discontinue the formal project mode, allow the use of funds for more substantial supplies and materials and the employment of supervisory personnel, and develop a phasedown system where unemployment rates drop below the 4.5-percent level.

Thank you.

Senator RIEGLE. Thank you, mayor, for the presentation. Let me make a couple of comments before I go into a couple of issues I would like to discuss with you first.

I wanted to commend you and the city of Grand Rapids for the job that you have done in this area. It is generally recognized by others outside of the area that Grand Rapids has managed its program in such a way that is thought by many people to be one of the best in the State, and that doesn't come easily. I really appreciate the fact, as supporter of CETA myself who continually voted for the funding of it, to fund places where actually the field performance really earns that kind of high reputation.

Second, I am very encouraged by the decision to try to link CETA with your economic development, to try to dovetail these two separate initiatives, so that we get a merger equation working where 1 plus 1 equals 3. I think what you are doing in that area I am going to be particularly interested in, and I am particularly sensitive to the point

you make about that being put in jeopardy by the fact you can't plan because you don't know what kind of dollars you can expect.

Let me touch on one thing. We were talking about the 20-percent figure to be used—or the 15-percent administrative funds. As I understood you, you said because you had not needed all of your administrative fund money you were turning some of that back. I think $1.3 million, or something, but in any event, Scott has handed me a summary of CETA regulations. Let me just read this one provision because if it means what it says—sometimes Government regulations do mean what they say—sometimes Government regulations do mean what they say, and sometimes they don't—but here under item 99.74 under "Allowable Federal Costs," section A, it says, "section 98.12 of this subtitle concerning allowable Federal costs shall apply to title VI grants. In addition, the 15-percent administrative funds may be used to purchase construction supplies and materials to be used in projects." So I would take that to mean that if any of that portion were to fall under the title VI section, that in fact if you don't use all of the 15 percent for administrative costs that you could use the remainder of it, or you could even rebalance it and use whatever part to work out as a balance, for construction supplies and materials these projects. Now, is that at variance with——

Mayor DRASIN. So far we in Grand Rapids have been involved mainly in PSE. We have not been involved in projects.

Senator RIEGLE. I see.

Mayor DRASIN. We intend to be in the very near future, but so far we have not.

Senator RIEGLE. Well, apparently in that area we at least address that problem of materials and supplies, whereas I guess in a public service job the thought is that however it got tailored in the beginning, that provision does not exist in that area. Is that what your sense was?

Mr. GINSBURG. Yes.

Senator RIEGLE. Let us work with you on that point. I don't want to turn back a dime that we can intelligently use here, so let's see if we can't maybe find some way to see if we can't work this out so some part of that might not be usable for supplies that would relate directly to the project.

Let me go back to page 2 here. It gets right to the heart of the dilemma of CETA, and that is the question of whether we are going to view this essentially as a problem that takes a hard core structurally unemployed person and hopefully and intelligently tools them up so they are ready for the labor market, and spins them off into the private sector or public sector work. Basically they go out and land a job that otherwise wouldn't be available versus viewing CETA as a way to actually create a job, and you then go out and find somebody to put in that job, and they stay in that job for however long, presumably maybe even indefinitely.

Of course, that is what this proposed rule change by the administration is designed, to hit that second situation and cut it off after a point of time, because it is the desire of the administration to slant this toward rescuing people out of this unused labor pool and be ready to get a job on their own.

The obvious dilemma for local governments is that if these jobs become in a sense semipermanent under the umbrella of CETA, it is like

another form of revenue sharing. We can call it CETA, but it is in effect providing funds which then may well get augmented, and somebody gets plugged into the local unit of government, and they become sort of an ongoing part of that government.

I think philosophically it is an open question, you know, as to whether or not that is what we want to do with CETA. Some people think that we ought not to do that. Others say, "Well, even if we didn't want to do that, we have gotten ourselves built into it now and now it has become a critical piece of local government." So if you yank it away at this point, you know, you are going to create a whole new problem, or else you are going to require that the communities face up to a problem. It is fair, but they haven't had to deal with it because they have had the CETA slots that they could take and sort of fill this gap with.

The thing that I am concerned about—and I have got to try to think that through philosophically myself in terms of how we want to sort of balance this thing—but it seems to me that maybe what we ought to be doing here is viewing CETA jobs not as permanent jobs for an individual or as ongoing jobs for an individual, but rather as an opportunity to take and get somebody ready so that they can take a full-time job that is not under the umbrella of the funding source of CETA. Now, what would that mean, say, for example, to the city?

I am just thinking with you here, and I would like your reaction to that. What that would mean to me, for example, is, let's say you brought somebody into a position in, say, the city clerk's office, whatever. You brought them into some position where you had a job that needed to be done, and it was sort of in the lower end of the skill range, and I don't know what that would pay. Let's say it would pay $10,000, and you bring somebody in that you have identified, and they take that job, and they do that job for a while, and they become proficient there, and they in a sense take over that job assignment. It would seem to me that maybe what we ought to be thinking about is that after a sufficient period of time when they have learned that job skill and they are equipped to do that work, that if they don't then move on to an equivalent kind of job outside somewhere, to some other company, or what have you, then maybe what they would do at some point is that they would take the next available job slot in that department and move over then under the city's normal budget. In other words, when you had normal attrition occur that that person would be next in line, and you would vacate the CETA job, and maybe you would keep the CETA job in that department, or maybe you would move that job out of that department and move it somewhere else where you would then get somebody else ready who could be in a position to get slotted into what would be an ongoing job slot that paid through normal sources in that fashion.

It seems to me if we don't do something like that, then what happens is it becomes revenue sharing under another name. My concern is that instead of using it as a recycling program where we are constantly bringing hopefully extracting people out of that 4-percent unemployment figure that is still here, that are really tough ones to deal with, is that what happens is that we basically give away our chance to be pulling people out of that pool.

I just wonder what your reaction would be to that obvious dilemma.

Mayor DRASIN. First of all, might I say that I agree with you completely without any reservation. Also may I say I believe that we in Grand Rapids have utilized CETA funds for city positions in far less proportion than almost any city that I can think of, because we don't want to face a very awkward situation in the future where maybe CETA funds are not available and we are going to be in a very difficult kind of quandry.

Senator RIEGLE. Right.

Mayor DRASIN. We have done this, Senator. We allot percentages. I don't have the percentages, but maybe Mr. Murray has. But many of the CETA employees whom we have hired for city government work, in time subsequently have become permanent non-CETA employees in a fairly large proportion. I don't know, Ken, whether you have any figures or not.

Senator RIEGLE. So, in other words, that is the course that you generally take?

Mayor DRASIN. Yes. It has been in substantial numbers.

Senator RIEGLE. I am glad to know that because there are other cities, and it may well be that they are much more the distressed city situation, cities that are much less well off in terms of their economy and so forth.

Mayor DRASIN. May I interrupt you, Senator?

Senator RIEGLE. Yes.

Mayor DRASIN. You flatter us. We, like every other city in the Nation, are in a constant state of fiscal jeopardy, so we are not any better off. Well, we may be better off than New York City, or a couple of other cities.

Senator RIEGLE. I can assure you you are better off than New York City.

Mayor DRASIN. But we are in the same position, I think, that most of the cities in the Nation are. As I said, we are in a state of constant fiscal jeopardy, relying upon the generosity and good judgment of the 535 members of the national legislature and the President.

Senator RIEGLE. Well, I think it was important for us to touch on that point. Let me ask you this: Now, I notice on page 3 you say, "This emphasis has led to the city creating 140 permanent, CETA-filled positions, including our fire and police services." Now again in reference to the conversation we just had, I gather what that means is that you have got 140 slots that you have identified that are these sorts of temporary jobs that you have identified and bring somebody in, and they go into one of these positions and work there for a while, and then at a later time they either go out of that position and go into a full-time regular budget position with the city government or else in some cases they go elsewhere in private employment.

Mayor DRASIN. Full-time.

Senator RIEGLE. Yes.

Mr. MURRAY. If I may, Senator.

Senator RIEGLE. Yes.

Mr. MURRAY. In most cases—well, these are the permanent positions, and some of the individuals have held those positions for longer than 2 or 3 years. In some instances, in many instances, it is for the lack of promotional opportunities in that career ladder for that individual within the city. For instance, we have just added 18 new firefighters

with CETA funds. There isn't a very lengthy career ladder for those individuals, so that it could be possible that under the present circumstances they could be in those positions for a period of several years.

Senator RIEGLE. The firefighter's positions?

Mr. MURRAY. Yes, sir.

Senator RIEGLE. I assume those positions you need. You are not just finding places to put them in?

Mayor DRASIN. Yes; they are positions we really need. There is no question there.

Senator RIEGLE. So in that area then it does sort of then cross this line and become almost revenue sharing, if you take somebody and make them a firefighter, and you sort of presume, and assuming that the CETA funding continues, that they are going to stay under the CETA umbrella, and that is where at least $10,000 of their income cost is coming from for quite some time, years.

Mr. MURRAY. That is quite possible, sir.

Senator RIEGLE. Well, I can understand why that happens, but I am wondering if conceptually that is the way we want to meet the problem.

Let me just leave that for a second and go to another problem.

What would the profile—would you know offhand what the profile of this 14 or so that have just become firemen trainees, or something, however you described it?

Mr. MURRAY. That is firefighters.

Senator RIEGLE. They are firefighters. Can you describe for me who makes up the 14? In other words what kind of unemployment situations do they come out of? Are these really structurally unemployed people who would have a very tough time landing a job under normal circumstances that you are taking a chance on here? Who are they exactly? Can you give me any kind of profile?

Mr. MURRAY. Senator, I can't give you any profile as to the individuals. They were recruited under the new CETA VI regulation, and therefore at least half of them—I think all of them—have been long-term unemployed, and the city uniformly applies the economically disadvantaged criteria where the regulations provide 50 percent, we provide 100 percent, so that all of those 18 firefighters meet the economically disadvantaged criteria.

Senator RIEGLE. So you have really gone out and found 18 people who were in very tough employment circumstances, and you reached a judgment that they were able and fully adequate to these requirements, and so that is who you are using in those 18 slots.

Mr. MURRAY. Yes, sir.

Senator RIEGLE. But the second part of it is, as things stand today, they may remain CETA employees for, we don't know—2, 3, 4, 5, 6 years.

Mr. MURRAY. Senator, it is possible. They will, of course, being permanent employees of the city, have the opportunity to compete for positions as they move up in the organization.

Senator RIEGLE. Right. And then if they did, does that mean—of course, that doesn't necessarily mean that they will drop out of CETA. I misspoke the regulation earlier. It isn't the 20 percent—it is under the proposed regulation that 20 percent of the CETA jobs, you could

pay above $10,000 essentiaiy any amount that you wanted to as long as you were paying the supplemental amount. So it would be conceivable that if that were adopted, you might have one of the firefighters go right on and be promoted up the ladder, and if he retained CETA designation status wouldn't he still—wouldn't $10,000 of his salary still come from CETA?

Mr. MURRAY. No, sir; under the city rules he cannot promote into a non-entry position.

Senator RIEGLE. I see. So that if a guy gets promoted, he leaves the CETA program, but the person who doesn't, and you say, you know, they may stay in that entry status for a long period of time, then if this new regulation were adopted that says that in roughly a year's time—what is it, 58 weeks? Seventy-eight weeks. Seventy-eight weeks you have got to drop out. I mean they have to come off from the CETA designation. I guess what you would have to do at that point is, you would have to pick them up under the regular payroll of the city under the fire department.

I mean, simply to open the slot up again so you can go right back into the process of finding somebody who meets the criteria and pulling them out of the ranks of the unemployed and getting them into another entry level job slot?

Mayor DRASIN. Whether it is a good idea or not, Senator, that is probably what we will be doing, because these additional firefighters bring us close to full strength in the fire department, and with the emphasis that is placed on fire protection, as everyone recognizes, I don't think we would want to diminish our strength.

Senator RIEGLE. How did the firefighters union respond to these new firefighters being selected on this basis and coming through the CETA program? What was their feeling about this?

Mayor DRASIN. In the first place, it is a long and lovely story, with which I won't bore you. It was 4 years ago, perhaps 5 years ago, one of the Federal district judges had some involvement with the city of Grand Rapids and engaged in a consent decree with regard to hiring of firefighters, minority, and Judge Fox established for us a certain quota, if you call it that. I don't know; perhaps there is another name for it. I think we have already achieved our quota and gone over it. And, incidentally, I am sure you are gratified to hear that the chief is a wonderful man, and the new recruits—blacks and Hispanics mainly, were treated and greeted as brothers. I happened to be present at the graduating class exercise, and I do believe, Ken, isn't it true, that most if not all of these new recruits are also minorities?

Mr. MURRAY. Yes, sir.

Mayor DRASIN. Our experience has been very good.

Senator RIEGLE. So the union has been very cooperative?

Mayor DRASIN. Very cooperative.

Senator RIEGLE. And helpful in this respect. Well, I think that is very much to their credit and to the credit of the city that a means could be found to work this out on that kind of basis.

I guess the thought I am left with is that I would hope that as a policy matter, whether we set an arbitrary time limit or not in the law—and I don't know how that will sort itself out as we go through the debate and so forth, but it seems to me that once we have got somebody and brought them through the identification phase and into

the job, and they are into the job, and it is a necessary job in government, local government, and they are doing that job, that after some period of time—now I don't know what is the appropriate period, whether it is 6 months to make sure the bond takes, or 9 months, or 12 months, or whatever—it would seem to me that just as a matter of policy in terms of trying to keep intact the essential thrust of CETA, which is to be pulling people out of this unemployment pool that at that stage of the game we ought to recognize that, you know, we really ought to vacate that CETA slot and make it available for the next person that is waiting in line, and sort of get them through.

I am reluctant to see it right in the law in a firm and fixed way because you always find that there are 1 million exceptions as to why it doesn't fit a situation. But, in any event, you have had such great success here, maybe you folks could work out an answer to this in terms of your own program that would be instructive in terms of how we might pattern this decision in other places.

Well, I really appreciate your testimony today. You have really served a double duty if you have been over testifying in Lansing and using up some of your voice and saving the rest of it for us. I appreciate your doing that because I think the success stories in CETA are a very important part of what we have to develop in terms of the hearing record and get out there because there are always going to be parts that didn't work very well, but we have got to weigh the whole thing together in terms of deciding how we want to do this thing for the next 4 years.

Again I really want to congratulate the city and congratulate you for the leadership that has been given to make this program [illegible] one of the best around. It really justifies the faith of those of us who thought that the concept could work and were willing to bet some Federal dollars on it, and we see that it is working. When you hear stories like the story here with respect to the fire department, it really shows that partnership can work. Thank you both for coming.

Mayor DRASIN. Senator, may I express to you my appreciation, both personal and official, and I would offer you the hospitality of the city for the rest of the day or part of the day, but I hear that you have been in five cities in 2 days, and you must be awfully fatigued. And I am going to Detroit later on.

Senator RIEGLE. Thank you. We always enjoy the hospitality in Grand Rapids, and we wish we were staying longer, but you have given us some very important testimony, and that is what we came for.

Mayor DRASIN. And from the testimony I heard previously, too. I appreciate it very much.

Senator RIEGLE. Thank you. Good to see you.

Dr. Kobrak, I appreciate your coming here today and your patience in terms of us working through the witness list today.

STATEMENT OF DR. PETER KOBRAK, ASSOCIATE PROFESSOR, DEPARTMENT OF POLITICAL SCIENCE, AND ACTING DIRECTOR, CENTER FOR PUBLIC ADMINISTRATION AND PUBLIC POLICY, WESTERN MICHIGAN UNIVERSITY

Dr. KOBRAK. Well, I have been interested in a number of the comments you have had to make and some of the problems with which you

are wrestling. They are the right questions to be asking. I don't know if we can come up with all of the answers.

Senator RIEGLE. Hopefully, my year at Western Michigan as a student would sharpen my insight for dealing with the questions. In any event, I appreciate the work that you have done yourself in the area of trying to wrestle with this unemployment issue. So I am very much interested in what you have to say to us today.

Dr. KOBRAK. I don't want to take up too much time, so I will go through the basic argument that I would like to make and address on the way some of the questions that you have been raising.

Given the significant amounts of money now contemplated for public service employment—not just the money that we are talking about at current levels, but the amounts that we are thinking about in terms of expansion if we are really going to use CETA funds as a countercyclical device, I think it is important to ask what public service employment projects can and should be done, and it is that question I would like to address this afternoon.

I think it is important partly in the light of the potential absorption problem that some of the people have been talking about today. There is a limit to how many employees the city of Grand Rapids and these other localities can take, and they are becoming concerned.

The amount of money being spent on CETA in some western Michigan localities almost equals the total size of the general obligation budgets of the localities, and the result of this is that if there are disallowed costs by the Labor Department—and that is a fear a number of localities have, the Labor Department is viewed with great concern on this question—the sums, even if they are relatively small, can impact greatly on the locality. So I think they are having some second thoughts, particularly in terms of further expansion.

Again, that ceiling of $10,000 on the number of jobs is yet another step in the direction of giving them pause because as you point out, much of what they see as coming from CETA is a form of quasi-revenue sharing. That is what has made the jobs meaningful, so I think in that sense it has been a plus, but to the extent that the Labor Department now tightens the percentage of jobs which can really benefit the localities, it really raises the question of how much further can you go with that kind of an administered mechanism.

Senator RIEGLE. Let me just ask you at that point, do you think that what that would tend to do if those disciplines were imposed, those limits were imposed, does that tend to move CETA away from the public service job possibility and sector activity and more in the direction of having to make maybe a more direct hookup with the private sector, and raising all the questions as to whether or not the private sector would be interested?

Dr. KOBRAK. Yes; I think it will force consideration of an alternative administrative mechanism, either through the private sector or public-job creation through more direct Federal-to-local arrangements. For example, you had some of the better community action agencies today talking with you, agencies that have developed capability over the last few years to run some of these kinds of job creation projects without going through the localities.

They are very limited in what they can do now because everything has to be attached to a local agency, and they are constrained by what-

ever the employer requires. But I would like to see some implementation in the hands of agencies like the CAA's—not always the CAA's, sometimes other agencies in a particular area. Here in Grand Rapids the Kent County community action program, I think, is a very effective organization. In another community it may be a local educational agency. In another one, yet another kind. But one of the things that the youth employment legislation has done is to show us that when we mandate some alternative types of sources and get a little competition going, there may be a lot to benefit from that because it may provide some ways of getting public sector funding in this area.

Certainly the private sector is going to become more and more a question if we go this route, and the question of how you use them most effectively is an extraordinarily difficult one. You can't ask them to commit themselves 2 years ahead for someone who is going to be trained over 18 to 24 months. They don't discipline themselves that way in terms of the way they hire and there is no reason why they should do it for a CETA person, structural unemployed or otherwise. The lure of the money is certainly not enough to lock them into that kind of a contractual commitment. I think the history of the National Alliance of Businessmen shows that. The job creation program that NAB ran was very effective in 1968, when, of course, the threat was the greatest to which they were reacting, namely, the riots. But that was also when the economy was best able to enable them to create jobs for structurally unemployed people.

In 1969 when the economy turned, they had to very quickly back down from the number of commitments they had made. That was not, I think, because they were less serious about it—to NAB's credit, it has stayed in business and worked better and harder than perhaps some of its critics would have expected. It was because they are in business to make a profit and there are limits to what one can do. Furthermore, job creation to them is a very frightening concept.

In other countries, such as in Europe or Japan, the notion of holding a number of people on board during difficult periods is one that is accepted much more easily than it is here, even though, interestingly enough, in the thirties, a number of the companies here, too, did it. They very quietly kept their employees on, but philosophically they are not going to commit themselves to the Federal Government along those lines. I can't believe that they would do it. Perhaps some of the testimony you are getting is different on that point, but it would be quite a dramatic change if they did.

I would certainly hope that you were able to involve the private sector, not so much through tax devices but more through direct training, and at least tax devices that were rewarding them for taking people on in direct kinds of training activities.

Senator RIEGLE. It seems to me that one of the things that the private sector—I mean if we are going to talk about getting the maximum mileage out of the dollars we spend, that somebody who is already in the training business and does it as a very serious proposition and is doing it all the time and knows how to do it, and if we can in a sense take a free ride in that existing capacity and help somebody get tooled up for private sector requirements, skill requirements, I mean I would love to be able just to sort of tag along and use that system. If we could find the right incentive other than just the goodness of

their heart, whatever the dollar incentive were to tack into that system, then we wouldn't have to set up a parallel system.

Dr. KOBRAK. I don't think that is a question now. They are much more sophisticated now, 10 years after starting to be concerned with the disadvantaged. A number of them have set up training groups quite successfully here in Michigan. Take, for example, the Chrysler Institute.

SENATOR RIEGLE. We are going to hear from them tomorrow.

Dr. KOBRAK. Well, I think that they are certainly one of the better ones, from all that I have heard. And I think other groups like that throughout the State play a very positive role, and of course, you don't have the transition problem with them that you have on the public sector side.

It is all very well to set up artificial numbers of weeks after which you are going to transition, but it is much easier in the private sector if you are transitioning them directly than in the public sector.

I think the first question, though, and the burden of proof is on me, is whether public job creation projects can be developed outside of the State and local agencies. I think there has been a fear of bureaucracy on the part of the Labor Department and others in terms of setting up separate systems, but I think that there are a whole series of national, regional, and local needs to be met—but I am not going to take up your time with them now. I have indicated some of them in my statement. Meeting such needs would take away the make-work stigma that goes with job creation efforts now.

We are really faced with a dilemma when we work within the public sector in the current mechanism. The closer you get to meeting the needs of State and local government, the farther you are from the structurally unemployed people, and indeed one has to ask whether the city of Grand Rapids should go any further beyond a certain point in bringing in structurally unemployed people. Like the private sector, they need some of the best people they can get in the labor force as well.

Senator RIEGLE. You know, though, it is interesting. Part of the situation is because of discrimination—principally racial discrimination. Over a long period of years, most cities—let's not take Grand Rapids apart from all the rest of the cities around—find themselves in a situation where the affirmative action requirements are such that they have got a lot of catching up to do, and by the very reason of the fact that the discrimination has taken place, this is part of what has created the large pool of unemployed among certain groups, either racial groups, or women, or what have you. So I can see why, in a sense, there is a nice dovetailing here because it provides a chance to start evening out the availability of these kinds of opportunities and provide the kind of access to jobs and encourages people into those jobs which is right and fair and long overdue.

So, in a sense, I can see why cities, for example, and units of government can use that set of needs as a way for quite some period of time to handle the transition that needs to take place, and so I don't foresee any time soon where the cities, for example, or units of government would necessarily run out of constructive needs and usefulness of the CETA program for themselves.

Dr. KOBRAK. No; I think that is absolutely right. They have a lot of catching up to do. And one might add that the public sector has a special obligation to help to eliminate the discrimination which we, as a society, failed to eliminate years ago.

Senator RIEGLE. Right.

Dr. KOBRAK. There is no question about that. I guess I am looking down the road and asking how job creation should be handled if we are going to expand job creation, and if we are going to continue it over a long period of time. I am not as optimistic about the economic future as some people.

Then I think we have to develop a mix of administrative mechanisms that can achieve that balance, but under no circumstances would it be a good idea to even reduce the amount of money that is being spent in the States and localities now. I think that is money well spent, generally well used, and meeting some very real needs, both in terms of affirmative action and in terms of jobs that are being done. Unfortunately, many of those jobs are less visible because the people are so scattered through the agencies.

I had the urge at one point during the snowstorm to run out with my camera and look for CETA workers who were digging; there were teams of them out there. I thought here is a tangible activity that everyone in Kalamazoo can understand if they see some pictures, but I couldn't get out of the house.

Well, there are a number of fields, as I suggested, where public job creation projects exist, and in our national parks, historical areas—I have included some tables, and I am not going to tell you all that is in those.

Senator RIEGLE. We will make this part of the record at the conclusion of your remarks. I appreciate the detail in your testimony. It is exactly what we are looking for.

Dr. KOBRAK. Fine. I did want to point out where a couple of the tables came from, though, because in terms of where you are, I thought it would be of interest. The information on the States and localities was identified through the chairman of the subcommittee, Gaylord Nelson, some years ago, who pulled together a survey from a number of localities and States on environmental needs. I have aggregated it. He just included it in an appendix. I thought it was interesting that many of the environmental problems that your committee was concerned with before are still there. I also have mentioned other environmental problems such as strip mining reclamation.

Health services, I am particularly concerned with. Outreach teams could accomplish a great deal working with hospitals and reaching out to the inner city areas and the rural areas doing what really is a surprising number of tests with just the supervision of a nurse. I have worked with some of the public health people here in western Michigan in identifying what could be done, and we were surprised at the number of useful things that they could do if there were flexible funds along those lines.

And housing rehabilitation, while it has to be approached with some caution, I think is also worth looking at.

But the point I want to come to quickly is the notion of coupling job creation with training. I was particularly glad to hear in the testimony today how many of these people are starting to take a longer look and

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say, "Look, if we really want to work with the structurally unemployed, this is what we are going to have to do. We are going to have to develop skills training." I think the way to do that is to couple the public service employment job that an individual gets with training that would be required.

Now, the Labor Department and the Congress—it is my understanding—have shied away from this, partly because it adds considerably to the cost of the replacement, but I think the way to start looking at this question is more along the lines of what you were saying today—start looking at those slots and utilizing perhaps a smaller number of slots to deal with those more in need rather than playing this horrible numbers game which results in the tremendous turnover which Jim Cossingham described—and he was very honest and forthright about it—they all have to cream so that they can come to the Labor Department with figures that will enable them to survive.

Well, what have you accomplished in the long run? You have brought in a lot of people who might not have even been in the labor force to take those jobs. I don't mean to suggest all by any stretch of the imagination, but enough to give pause and suggest that there must be a better way.

I think another reason why bringing in training is important is that the development of human capital is really our ultimate aim in manpower policy. We are going to spend these billions in public service employment, we ought to take advantage of the fact that all of this money has dropped from heaven and try to use it to move along on our fundamental mission. I don't even think, incidentally, that the training always has to be related to the work at hand. I don't see why in some cases it couldn't be furnished in a totally unrelated field with growth potential.

So you say to the person, "If you want a job with Federal funds that isn't part of the private sector, fine. We are in favor of it, but in return you are going to have to move away from functional illiteracy or move in other directions that will be fruitful for the society."

I think this is a defensible policy because the alternative today is not the alternative of not spending the money and having people bereft of everything, but it is having people on welfare, unemployment compensation, or other things that run into the billions as well.

We have got a much more constructive way to use people here and take advantage of their talents and skills, and I think we should do it.

Senator RIEGLE. So, in other words, just to take an illustration, what you are really thinking is that while we might take and put somebody in a job situation for whatever period of time and provide them with an income and whatever else came out of that job experience, we might have as a requirement for that, that at 3 o'clock in the afternoon they leave that job and they go somewhere else from 3 to 6, or whatever, and they are actually involved in a program where they learn computer skills, or whatever it turns out that we think they need to be in a position to sort of go on into permanent employment later on down the line.

So you really see the job thing as a two-piece deal where the two pieces could be quite separate from one another but yet it is really a package.

Dr. KOBRAK. Yes; and I like seeing that man or woman float out the door at 3 o'clock twice a week, or whatever, because it reminds the

employer that maybe this person won't be a CETA fireman for a number of years. So that you are going to have to think in other budgetary directions as well, but mainly I am concerned with what it can do for the individual, because clearly moving out of a CETA job and into a regular job is healthier for that person as well as for the local government and for the society. It also provides a much more solid base for transitioning.

Now, maybe I am jaded from the days when I was a congressional aide, but I counted up those 78 weeks, and if you pass this in the next few weeks, that would mean that 78 weeks from then, just before congressional elections, you would be laying off workers. Now, my experience is that that is not going to happen. Indeed, the fear expressed today by some of the speakers, is a very interesting one, that on September 30 all Labor Department programing is going to come to an end. I have said to some of them, "Look, even if they were that nasty, which they are not, they are not going to do it at that particular moment. But these people are not going to take a chance. The costs are too high."

If we want to talk about serious transitioning, we have to arm the individual with skills so that it becomes credible for that person to move. Otherwise it is a very cruel choice for everyone involved. The employer may want to fire the person or release him or her but may feel that this is a CETA person and we should try to help them. I think that is a mistake. I think CETA employees should be treated like everyone else for their own good as well as everyone else's. And I think in some places they are, but I think there is that kind of human concern, and some localities have been reluctant to let some of the people go because of that kind of problem.

I am sure you will hear horror stories before the hearings are over about people who have been on CETA since 1971. I am not sure it is true in as many cases as the rumors would suggest, but clearly there is that possibility for these kinds of reasons. Unless we develop a training reqirement that enables people to get off, there is that danger. Furthermore, by placing an additional burden on the applicant, I think we would sort out some of those persons for whom the job is less important. I don't think you can pick a demographic characteristic and say that people over 40 need the job more than those under 40, or women need it less than men. Clearly Ms. Geyer was very articulate on that point.

I think it is clear we would get the people who were more concerned if they were having to make some kind of contractual relationship in return for the job in the form of training and making a commitment to self-improvement, and perhaps that is a way of sorting people out rather than looking for some artificial standards which I don't think can do the job. That is a way of targeting, if you will, who needs a job the most.

Senator RIEGLE. You know, another thing that occurs to me as you are talking, and that is just the whole question of public feeling about CETA jobs and CETA jobholders, and so forth, and whether it gets viewed by the public as it is either something where favoritism really determines who gets the job, and you don't need very many horror stories sort of floating around until the public, you know, feels that they are being taken for another ride in terms of a program that spends a lot of money and doesn't accomplish very much. So this to me is an-

other reason why I think we have really got to figure out how to get this done so the public can see the results and see the investment that we are making is in people, and that it is sound enough that even though it may be a person they don't know, that they can still feel good about it, they can still—just as an act of citizenship and brotherhood, and so forth, be prepared to be part of that kind of investment in another human being.

Dr. KOBRAK. And I think they would be if they felt that the demands were flowing in both directions. I think the horror stories are inevitable because when we try decentralization and decategorization we are turning over control of programs to so many different groups that there are bound to be some losers, and we have to be willing to accept that. But if the basic thrust of the program is such that it says to CETA workers and the public alike that this is not just make-work. I think that goes a long way toward offsetting some of those problems.

It is that kind of question about Americans as a whole that I want to address in conclusion.

There appears to be in the minds of many Americans the impression that the behavior on a federally created job is irrelevant since the tasks constitute make-work anyway. Enforcement of standards of excellence and establishment of a series of incentives, duties, and obligations can flow in both directions and should make clear to employed Americans that there are responsibilities to be met here too, and to unemployed Americans that they will benefit personally from participation in a public job project, and that the product of their labor will benefit the society economically and socially. If we guarantee a job without simultaneously taking steps to insure that an important societal need is being met that is visible to the public, then I think we are indeed implying that the job is expendable.

And in line with what you were just saying about how Americans view CETA, Economist Robert Solow has pointed out recently that the single most important step toward full or fuller employment would be for most of the society to want it enough. Separate and distinct job creation projects that involve persons working and studying their way out of structural and in some cases countercyclical unemployment, while meeting needs widely viewed as having a high priority and characterized by measurable outputs because they would be separate from what the ongoing agencies are doing, I think would provide a viable basis for building that constituency.

Senator RIEGLE. These are excellent comments, and I appreciate your testimony.

Let me ask you this: Have you had a chance to really immerse yourself in version 4 of Humphrey-Hawkins yet?

Dr. KOBRAK. No. I haven't gotten into either Humphrey-Hawkins or the administrative proposal yet. I am sorry that I hadn't known——

Senator RIEGLE. I would like to ask you to do that, if you can find time to do it. We are going to be having some additional hearings in Washington on that. Let me make a proposition to you. We are going to have hearings in Washington on the 8th on Humphrey-Hawkins, and I would love to have you employ your brain and your instincts to that situation as you have here, because I think it would be helpful.

I might just say to you that I think version 4 has been redesigned and tailored in such a way that I think it really is a solid piece of work. I think there are a lot of apprehensions that float around the business community that are mostly imaginary. They are real enough in terms of the apprehension, but I think in terms of what they are grounded on, I think it can be dealt with if we want to take a careful look at what we have. But I would be very interested in having you size up Humphrey-Hawkins as it now exists. We will get it to you so you can do that.

Dr. KOBRAK. That will be fine. You are talking about Wednesday, March 8?

Senator RIEGLE. Right.

Dr. KOBRAK. Well, I promised my 9-year-old son I would take him skiing that week, and I don't know if I am going to be able to get away anyway. Could I be in touch with your office?

Senator RIEGLE. Sure.

Dr. KOBRAK. If I can't come down personally, which I would like to do, I would be glad to send comments along.

Senator RIEGLE. Good. I would love to have that because it ties right in. I mean, we are on CETA here, but the whole Humphrey-Hawkins concept—and if we are going to go ahead with it, as I hope we are, to make sure that we are on the mark, enough on it, there are really some crucial decisions that we have got to make at this point. I would really appreciate it if you can find the time. I would love to have you come personally, but if you can't, any thoughts you have I would certainly like, and I would see that it gets to the others.

Dr. KOBRAK. Thank you, Senator.

Senator RIEGLE. Thank you again for coming.

[The prepared statement of Dr. Kobrak follows:]

STATEMENT OF

Dr. Peter Kobrak
Western Michigan University

ON THE PROPOSED REAUTHORIZATION OF CETA

before the

U.S. SENATE HUMAN RESOURCES SUBCOMMITTEE ON
EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

February 16, 1978

Senator Riegle, my name is Peter Kobrak. I am an Associate Professor in the Department of Political Science and Acting Director of the Center for Public Administration Programs at Western Michigan University where I teach courses in Public Administration and Public Policy. I am here today primarily to recommend some changes in the CETA legislation, but before dwelling on what needs to be changed, it is important to emphasize that we have made considerable progress since the Act's inception. I have recently begun a study of the planning and implementation of the Youth Employment and Demonstration Projects Act of 1977 in five Michigan prime sponsor areas, and am most impressed with the growth in professional planning capacity on the part of staff members and the increase in managerial, financial, and programmatic capability that they now appear to draw upon in relation to the substantial funds that they must allocate.

Given the significant amounts of money now contemplated for public service employment (PSE) and the increasing role of CETA funding as a countercyclical device, it is important to ask what PSE projects can and should be done, and who should do them, and it is that question I would like to address this afternoon.

Large-scale job creation ventures have perhaps inevitably fostered suspicion because historically they have come when other public and private sec-

programs were generally suffering cutbacks in real dollar terms. Such suspicions presumably were fed by the type of job creation programs implemented under the Great Society and the nature of the debate carried on during this period concerning public service employment. The Neighborhood Youth Corps and Operation Mainstream were defended primarily not on the ground that they were carrying out important tasks but because they were "putting money in the kids' pockets," preventing riots, or keeping "pappy happy."

The emphasis of our job creation proposals in the seventies on the quality of the individual, rather than the necessity of the job, has again conveyed the impression that the proposed jobs are "nice" but not essential for operations. Such tasks appear as superfluities suggested at precisely the time when we must return to that tougher and leaner style that has traditionally served us well during hard times. The political debate over job creation has thus remained disappointing in that it has not focused sufficiently on precisely what projects should be undertaken and how those projects could be justified if truly large-scale public job creation projects (PJP) were to become a major part of our manpower policy. We must decide what projects need doing before we decide who is going to do them and how. We must identify needs that have attained a high level of significance for many employed and unemployed Americans, and strategies that the unskilled and skilled alike hold out in the fulfillment of those needs. I will argue here that the necessary mix of PJP's does exist to utilize effectively unemployed Americans from all skill levels.

Promotion of Economic Development Through Investment of Human Capital. The job creation projects that deserve the highest priority in 1978 are those that promote economic development in a particular locality or region. Such

projects would meet a need that our periodic post-World War Two recessions have highlighted throughout the country, and by generating present or future income, on their face they refute the "make work" stigma of federally funded positions. Numerous unmet human needs are of critical importance, but it remains difficult to dispel the impression of many employed persons that these services are actually intended to serve the clientele group and not the previously unemployed service providers.

Federal efforts at economic development by the Departments of Labor and Commerce during the last 15 years, however, have yielded at best uncertain results and a literature that is long on critical analysis and short on recommentations. The relative lack of success is presumably the result of the vast disparity between, on one hand, the scope of our urban and rural economic challenges and, on the other hand, the limited knowledge and resources that we have brought to bear on those areas no longer sufficiently attractive to the market mechanism. The pessimism of many liberal economists that such economic reform can truly be compatible with the continuing domination of "the unseen hand" is perhaps most poignantly reflected in the writings of a next generation of radical economists whose underlying premise is that the increasing number of unemployed and underemployed cannot be served through the capitalist system. Whatever the merits of that argument, a job creation stimulus directed at economic development seems historically to be almost an inevitable stage in the evolution of our mixed economy. Just as the National Alliance of Businessmen was necessary to determine the potential of job creation within the private sector, so efforts must now be made to dovetail federally administered projects with economic development.

Tying Human Capital to Economic Development. Manpower programs and economic development efforts have traditionally operated in separate spheres.

This separation was encouraged by the primitive nature of available job vacancy data and by the unsophisiticated boosterism that lies at the heart of most efforts by state and local administrative agencies to encourage industrial growth. In surveying state development agencies, economist Alfred Eichner thus concluded that they paid little attention to exploring how they might stimulate the location of new industry within their borders through manpower development efforts. Under pressure to produce results quickly, state development agency personnel have shied away from long-term solutions.

Most economic development proposals continue to emphasize the provision of land and capital in various forms, but there is now a growing awareness that development of human capital also contributes to economic expansion and that broadening and deepening the present and future labor supply is integrally related to economic well-being. South Carolina's Committee for Technical Education has long pioneered in this area, and the hard-pressed New England states have begun to take heed. In 1975, Rhode Island began using federal manpower development funds to finance special job training programs tailor-made for specific industrial companies as an adjunct to its economic development program. That same month the Assistant Secretary of Manpower Affairs in Massachusetts boasted that by fall a company that wants to move here or expand existing facilities will be able to pick up the phone and "order" 50 welders or 20 tool-and-die makers, and predicted that "for some companies, this could be a real inducement to come here."

Provision of job creation funds to appropriate state and local development agencies could appreciably expand these efforts. Upgrading the labor supply in this fashion would frequently require work experience as well as training--particularly where unemployment is most severe. For example, in

Muskegon County, Michigan, where the unemployment rate is one of the highest in the country, manpower planners would like to give "exposure and experience" to their job applicants in "occupations which have growth potential within the context of Muskegon's emerging economy." Projects could be developed involving occupations similar to those where they are concentrating their economic development efforts. The flexibility of such an arrangement would greatly increase the likelihood that individuals would complete more advanced training programs. Furthermore, thanks to the experience that they would in some cases also gain either at the same time or after completion of the training, it would also increase the probability that the individual would be placed in the job for which he or she was trained.

Human capital can be tied to economic development at different skill levels of the work force. State development agencies often seem to take for granted that labor-surplus areas in their states necessarily will be able to meet corporate employment needs. Such an assumption is clearly unwarranted at the higher skill levels. Governor William Milliken's Michigan Economic Action Council thus recommended in 1975 that federal manpower training program funds be sought to teach the skills needed by craftsman on power plant construction projects in order to preclude the possibility of manpower shortages when construction does resume, and to provide unemployed workers with the opportunity to upgrade their skills. The Council also suggested that other such skill shortages be identified. But pinpointing precisely when these individuals would be needed unfortunately remains beyond the state of the art, and these individuals who have undergone extensive and expensive training should be utilized in job creation projects as leaders and effective "doers" rather than be allowed to migrate elsewhere or take positions that are below their skill level.

At lower skill levels, such "stockpiling" cannot be justified economically, but job creation can also be utilized in other ways. For example, sociologist David Caplovitz found in his study of Harlem merchants that the work habits and lack of training of their employees were major deterrents to their success, and the frequent advice that hard-core unemployed persons not be used in new minority group business establishments implies comparable experiences. Job creation programs in this case could concentrate on providing job experience combined with training designed to overcome the twin nemeses of hiring of hard-core unemployed persons, absenteeism and turnover. The high quit rate in marginal enterprises would insure slots into which these individuals could be transitioned, and, at least in the case of black businessmen working in inner city areas where this problem is prevalent, such a social investment could be justified. Inclusion of experience on an actual job should lead to more favorable results than "employability training" alone has achieved, and its importance increases during slow economic periods when few on-the-job training positions can be developed. Interfacing public service employment and training with economic development projects would in the short run enhance the significance of the created position and in the long run, by raising the skill level of the area, not merely provide an advantage in the competition among states for new or expanded industry but, more importantly, constitute a rational social investment by raising the skill level, and thus the real resources, of a region.

The Considerable Potential in Other Fields for Job Creation Projects That Meet Local, Regional and National Needs. Time does not permit detailed development of comparable job creation projects in other fields, but I include here several tables which hopefully summarize the nature and extent of several public needs that would benefit greatly from public job creation projects manned

by unskilled and semiskilled as well as skilled persons. Table 1 shows the result of an increasing gap resulting from growing use without sufficient care of our national parks. Table-2 outlines the inadequate conditions in our historic areas. Note in both of these tables how many of the problems could be combatted through the design of labor-intensive PJP's.

Conservation needs are hardly restricted to the federal level. Table 3 indicates the park, museum, and recreational PJP's identified by state and local agencies when their views on this question were elicited by the distinguished Chairman of this Subcommittee, Senator Gaylord Nelson, some years ago. Table 4 similarly points to specific natural or environmentally-related sites requiring attention as well as potential water and land use and facility improvements. Strip mining reclamation would also present a number of PJP opportunities.

Health services could be extended through the use of outreach teams, and Table 5 demonstrates the remarkable number of fundamental tests that semiskilled persons working under the supervision of a nurse could initially administer. Housing rehabilitation must be approached with caution, but it seems possible that the incentive of home ownership might enable us to salvage homes endangered by urban blight through the judicious use of PJP's attacking these problems with the consent and possibly even cooperation of the unions.

The Right to Couple Required Training with PJP's. The dilemma is frequently posed with reference to PJP that, on the one hand, if disadvantaged persons are treated separately and paid relatively low wages, then they are little better off than if they take the sporadic short-term employment that is already available to them in the private sector. On the other hand, if they are given PSE jobs at regular wages, the Federal Government has then increased

Table 1

Job Creation Projects Needed in our National Parks

National Parks	Overcrowding	Inadequate Protection	Inadequate Sanitation	Inadequate Interpretive Program	Inadequate Staff	Lack of Circulation Maintenance	Inadequate General Maintenance	Lack of Storm, Level of Erosion, Wave and Weather	Developed Lands for Full Service	Lack of Control	Water Pipe Rotting Sidewalls
Acadia Nat'l Park, Maine	X	X		X	X		X				X
Craters of the Moon Nat'l Monument Area, Idaho				X	X	X	X	X			
Appalachian Nat'l Trail, Maine-Georgia					X		X			X	
Arches Nat'l Park, Utah	X			X	X		X				X
Assateague Isle Nat'l Seashore, Md. & Va.					X		X	X			
Badlands Nat'l Monument, South Dakota	X				X	X		X			
Bighorn Canyon Nat'l Rec. Area, Mont. & Wyo.	X	X			X	X					
Big Thicket Nat'l Pres., Texas					X			X		X	
Blue Ridge Nat'l Parkway, Va. & N.C.					X	X		X		X	
Buffalo Nat'l River, Arkansas		X			X		X	X			
Canyon Lands Nat'l Park, Utah	X	X	X		X		X	X			
Cape Cod Nat'l Seashore, Massachusetts			X		X						
Capital Reef Nat'l Park, Utah	X	X	X		X	X	X	X			X
Carlsbad Caverns Nat'l Park, New Mexico	X				X			X		X	
Cedar Breaks Nat'l Monument, Utah			X	X	X						
Channel Islands Nat'l Monument, California	X			X	X		X	X		X	X
Colorado Nat'l Monument, Colorado	X			X	X	X					
Crater Lake Nat'l Park, Oregon			X							X	
Death Valley Nat'l Monument, California	X				X	X	X	X		X	
Delaware Water Gap Nat'l Rec. Area, N.J.	X	X	X		X	X	X	X		X	
Devil's Tower Nat'l Monument, Wyoming							X	X			X
Everglades Nat'l Park, Florida	X			X	X		X	X		X	
Glacier Nat'l Park, Montana	X	X			X	X	X	X			
Glen Canyon Nat'l Rec. Area, Utah & Ariz.	X			X	X		X	X		X	
Great Smokey Mts. Nat'l Park, N.C. & Tenn.	X	X			X	X	X			X	
Guadalupe Mts. Nat'l Park, Texas				X	X						
Gulmot Nat'l Monument, Alaska										X	
Lassen Volcanic Nat'l Park, California								X			
Lava Beds Nat'l Monument, California						X		X			
Lehman Caves Nat'l Monument, Nevada					X					X	
Mammoth Cave Nat'l Park, Kentucky	X		X		X			X		X	
Mount McKinley Nat'l Park, Alaska	X				X			X		X	
Mount Rainier Nat'l Park, Washington	X				X		X	X		X	
Ozark Nat'l Scenic Riverway, Missouri	X		X		X						X
Rocky Mountain Nat'l Park, Colorado	X				X	X	X	X		X	
Shenandoah Nat'l Park, Virginia	X	X			X	X	X	X	X	X	
Timpanogos Cave Nat'l Monument, Utah	X					X	X	X		X	
Virgin Islands Nat'l Park, V.I.				X	X		X	X			
Voyageurs Nat'l Park, Minnesota				X	X					X	
Yellowstone Nat'l Park, Wyoming			X		X	X		X	X		
Yosemite Nat'l Park, California					X			X		X	
Zion Nat'l Park, Utah	X	X	X		X		X	X		X	

SOURCE: Table and categories constructed from data in National Parks and Conservation Association. "Shortchanging the National Park System: Natural Areas." Environmental Journal (February 1976): 11-14.

Table 2

Job Creation Projects Needed in our National Historic Areas

National Historic Area	Acquisition	Boundary Adjustment	Boundary Marking	Cemetery Restoration	Exhibit Development	Land Rehabilitation	Landscape Restoration	Lock and Dam Repair, Canal Repair and Rehabilitation	Monument Restoration and Repair	Road Construction	Visitor Site Development
Allegheny Portage Rail Road Nat'l Historic Site & Johnstown Flood Nat'l Memorial, Pa.	X				X	X		X			
Andersonville Nat'l Historic Site, Georgia					X	X					X
Antietam Nat'l Battlefield Site, Md.	X			X	X	X	X	X			
Appomattox Courthouse Nat'l Hist. Park, Va.					X		X	X	X		
Bandelier Nat'l Monument, New Mexico						X		X			
Chesapeake & Ohio Canal Nat'l Hist. Park, D. Va., Md., and Washington, D.C.	X		X		X			X	X		
Chickamauga & Chattanooga Nat'l Military Park, Georgia and Tennessee					X			X			
Cowpens Nat'l Battlefield Site, S.C.	X			X	X		X				
Eisenhower Nat'l Hist. Site & Gettysburg Nat'l Military Park, Pennsylvania					X	X	X	X	X		
Fort Davis Nat'l Historic Site, Texas				X	X			X			
Fort Sumter Nat'l Monument, S.C.											
Fort Union Nat'l Monument, New Mexico				X	X			X			X
Fredericksburg & Spotsylvania County Battlefields Memorial Nat'l Military Park, Va.					X	X	X	X	X		X
Herbert Hoover Nat'l Hist. Site, Iowa	X		X	X	X			X			
Hopewell Village Nat'l Historic Site, Pa.	X			X	X			X			
Jefferson Nat'l Expansion Memorial, Mo.			X	X			X	X			
John Muir Nat'l Historic Site, California			X	X			X	X			
Kennesaw Mountain Nat'l Battlefield, Ga.			X	X			X		X		
Kings Mountain Nat'l Military Park, S.C.	X										
Martin Van Buren Nat'l Historic Site, N.Y.											
Mesa Verde Nat'l Park, Colorado								X			
Mount Rushmore Nat'l Memorial, S.D.				X							
St. James Nat'l Historic Site, V.I.				X							
San Juan Isla Nat'l Historic Park, Wash.	X			X			X	X			
Thaddeus Kosciuszko Nat'l Memorial, Pa.				X							

SOURCE: Table and categories constructed from data in National Parks and Conservation Association. "Shortchanging the National Park System: Historic and Recreation Areas." Environmental Journal (March 1976): 9-14

Table 3

Park, Museum, and Recreational Job Creation Projects Most Frequently Proposed by States and Localities

Projects	Number of States with Localities Suggesting This Project*
Recreational and Sports Development:	
Athletic Fields	12
Beach Maintenance	14
Boat Ramps	20
Campsites	33
Golf Courses	11
Hunting Areas	8
Installation and Expansion of Recreational Areas (general)	38
Nature Walks	6
Picnic Areas and Tables	34
Swimming Areas	9
Trails (hiking, bicycle riding, horseback riding)	34
Winter Sports Development	6
Site Improvement:	
Barbeque Pits, Grills, and Fireplaces	12
City Beautification	7
Historic Sites	14
Lookout Tower Construction and Maintenance	6
Park Development	46
Parking Lots and Barricades in Urban Parks	15
Zoological Gardens	5
Environmental Education**:	
Conservation Programs	1
Mapping	2
Museum Exhibition Work	2
Museum Work (general)	8
Nature Centers	2
Nature Exploration	3

*Although localities in all of the states and some state agencies too responded to the Committee's survey, some of the replies were too general to allow a detailed breakdown. The number of states with localities intending to initiate a particular project may therefore be higher in some cases than these figures indicate.

**In the above categories, a project is not included unless it was mentioned four or more times. The projects in this category, however, are included because of their heuristic value.

SOURCE: Table and categories constructed from data in U.S., Congress. Senate. Committee on Labor and Public Welfare. Conserve Human and Natural Resources of the Nation. Hearings before the Subcommittee on Employment and Manpower, 88th Cong., 2d sess., 1964. Appendix, pp. 77-335.

Table 4

Environmental Job Creation Projects Most Frequently Proposed by States and Localities

Projects	Number of States with Localities Suggesting This Project*
Specific Natural or Environmentally Related Sites Requiring Attention:	
Conservation Work	21
Fire Control Roads	8
Firebreaks and Fire Control Aids	13
Fish Hatchery Installation, Maintanance, and Harvesting	18
Forestry Work	14
Insect and Disease Control	7
Lake and Pond Development	14
Nursery Development	4
Range Improvement	4
River Frontage Restoration	7
Road Construction	32
Roadside Improvement	24
Stream and River Protection and Clearance	28
Timber Stand Improvement	30
Water Supply Systems and Water Projects	20
Wildlife Habitat Improvement	22
Water and Land Use Improvement:	
Boundary Marking	7
Brush Control	9
Cleanup (general)	24
Drainage Ditch Digging	9
Drainage Maintenance	17
Erosion Control	22
Flood Control	6
Land Treatment and Development	6
Landscaping	22
Painting	11
Planting and Seeding (general)	24
Road Grading	13
Tree Planting	39
Underbrush Clearance	32
Weeding	6
Facility Improvement:	
Bench Construction and Maintenance	4
Bridge Construction and Maintenance	14
Dam Construction and Maintenance	11
Facility Construction (general)	33
Fence Construction	20
Headquarters Maintenance	6
Restrooms and Reststops	9
Retaining Walls	7
Sign Making	11

*Although localities in all of the states and some state agencies too responded to the Committee's survey, some of the replies were too general to allow a detailed breakdown. The number of states with localities intending to initiate a particular project may therefore be higher in some cases than these figures indicate.

SOURCE: Table and categories constructed from data in U.S., Congress. Senate. Committee on Labor and Public Welfare. Conserve Human and Natural Resources of the Nation. Hearings before the Subcommittee on Employment and Manpower, 88th Cong., 2d sess., 1964. Appendix, pp. 77-335.

TABLE 5. THE ELEMENTS CONSTITUTING A "PREVENTIVE HEALTH CARE PACKAGE"

Outreach target	Problem	Diagnosis/Assistance
Identification of the systemic condition accompanying high blood pressure	High blood pressure, especially arterial blood pressure.	Blood pressure recordings to be taken of persons seven years of age and over.
Diabetes, pancreatic, or kidney disorders	Excessive amount of sugar in the blood or urine.	Urine examination.
Syphilis and gonorrhea	Identification of carriers as well as those having venereal disease.	Blood test of those in a "high-index-of-suspicion" age group.
Avoidance of childhood diseases	German measles, "hard" measles, mumps, smallpox, tuberculosis	Innoculations to be administered in the following combinations: 1. Rubeola, mumps, and rubella vaccines 2. Smallpox, oral polio, and tuberculosis
Avoidance of adult diseases	Diptheria, Pertussis, Tetanus, Poliomyelitis, Influenza	Innoculations to be administered for influenza, tetanus, and polio.
Preliminary dental examination	Caries, periodontal disease, and orthodontic problems	Screening and referral to supervised dental assistants and dental hygienists.
Prenatal care encouragement	To insure that disadvantaged women seek prenatal care early in pregnancy.	Screening and referral of mothers unaffiliated with a doctor and identification of "high risk" women.
Provision of aftercare in cooperation with hospitals and other community health organizations.	Confusion over directions related to prescribed medical care.	Monitoring and opportunity to provide feedback for the patient.
Assessment of general living conditions	Inadequate nutrition, sub-standard housing, existence of lice, presence of child abuse, enuresis, or identification of other "environmental risk potentials."	Checklist to serve as basis for subsequent agency referrals.
Regional tests where needed.	Poisoning through lead-based paints in inner city areas.	Blood test for children under the age of six.
	Intestinal parasites in some parts of the south.	Stool examination
Provision of preventive health information		Film to be shown including such topics as substance abuse, first-aid, and identification and control of diseases like epilepsy, sickle cell anemia, and muscular and nervous diseases.

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inflation and brought about inequities in the labor market. Separate job creation projects remove union pressures in the public sector to drive up the wages of these temporary employees (provided that the projects truly do not substitute for work that would otherwise be done by regular employees). But if the wage is pitched above the level of income maintenance programs but below the wage level paid in the primary labor market, what is in it for the worker? The answer must lie largely in the training provided to the worker while he or she is involved in the PJP.

EEA and CETA Titles II and VI devoted little attention to coupling job creation with training. The economic justification for this omission was presumably that the addition of training would add considerably to the cost per placement. Furthermore, state and local administrative agencies were clearly uninterested in providing such training because it would absorb organizational energy in teaching workers who in most cases would not remain long. But it is the development of human capital that is the ultimate aim of a U.S. Department of Labor, and the PJP constitutes a valuable contact point during which employment assistance can, and in fairness to the temporary employee should, be provided. Such training can relate to the work at hand, but where that is unnecessary, it might be furnished in a totally unrelated field with growth potential.

The Use of Education to Facilitate Effective Transitioning. Such educational preparation clearly is a more solid basis for a transition than even a well-intentioned promise by an agency to absorb the employee when the Federal funds are discontinued. Furthermore, a training requirement, by placing an additional burden on the applicant, would presumably sort out some of those persons for whom the job may be less important.

Targeting the Job to Those Most in Need of Employment. Since there clearly will be fewer available jobs than applicants, such a requirement provides a means of probing who is really in need of employment, and thus a more equitable basis for selecting the job recipient. And, while the training may be unrelated to the job, there already is a tangible payoff for undergoing the training.

Sanctions as a Response to Rotten Work. There must be incentives for doing an effective job and disincentives for goofing off. There is no reason why a person should not be fired from a PJP if performance is unsatisfactory, provided that suitable safeguards are developed to protect the worker on a job creation project from inadequate training, unsuitable work, or arbitrary treatment by a supervisor.

The Need to Attract a Wider Constituency for an Effective Employment Policy. There appears to be in the minds of many Americans the impression that behavior on a Federally created job is irrelevant since the tasks constitute "make work" anyway. Enforcement of standards of excellence and establishment of a series of incentives, duties, and obligations that flow in both directions should make clear to employed Americans that there are responsibilities to be met here too, and to unemployed Americans that they will benefit personally from participation in a PJP and that the product of their labor will benefit the society economically and socially. If we guarantee a job, without simultaneously taking steps to insure that an important societal need is being met, then we are indeed implying that the job is expendable.

Economist Robert Solow has pointed out that "The single most important step toward full or fuller employment would be for most of the society to want it enough." Separate and distinct job creation projects that involve persons working and studying their way out of structural and in some cases counter-

cyclical unemployment, while meeting needs widely viewed as having a high priority and characterized by measurable outputs, should provide a viable basis for building that constituency.

Senator RIEGLE. Now, our last panel, having talked all day about the CETA program and how it works, and how it should work, and what have you, we have three CETA employees that have been kind enough to be available to come today, and I would like to have them come up at this time. Miss Lannen, Mr. Jackson, and Mr. Manning. Mr. Manning, I understand you've got a timing problem. We will take you first.

STATEMENT OF MR. MANNING, CETA EMPLOYEE, ASSISTANT CITY PLANNER FOR THE CITY OF KENWOOD; MR. JACKSON, CETA EMPLOYEE, EDUCATIONAL COORDINATOR FOR THE BAXTER COMMUNITY CENTER; AND MISS LANNEN, CETA EMPLOYEE, URBAN AGENT AT THE WEST SIDE COMPLEX WITH KENT CAP

Mr. MANNING. All right.

Senator RIEGLE. I appreciate your patience. I don't know whether you have been here all day or not, but in any event I am anxious to hear from you, so why don't you just go ahead.

Mr. MANNING. I was basically just called and asked to appear, and why don't you ask questions of me, and I will respond to them?

Senator RIEGLE. Fine. Having heard what discussion you have heard, do you have any particular sort of observations or thoughts? You can see what we are struggling with here in terms of the basics. And I will put the same question to the three of you. I mean you can see what the policy questions are here that we have got to try to deal with on a national level in terms of structuring this program.

You are in the program now, and so you are feeling its effects—however you are feeling its effects, and what I would like is your comments and suggestions as the people who are being affected by this program as to how you think it is working, how it might be different, you know. I hope you can be candid enough without getting thrown out of the program. I assume that you can choose your words well enough to keep that from happening.

You are on the receiving end of this whole thing. We are spending close to $12 billion a year on it, and it is designed to make some things happen for you that are helpful and wouldn't happen otherwise. So presumably you ought to have things to tell us, and whatever it is I am going to hear it. So whoever wants to go first can.

Mr. MANNING. Well, I found the program through a coincidental, purely coincidental thing that I happened to see the ad in the paper. I had been looking for a long time, and it sounded like something I was interested in.

I went there to the MESC Center, and there was kind of a shuffle from here to there. There was a rather long wait as far as a couple days, and then the interview with the city of Kentwood, and after that everything just clicked. They called back, and I got the job.

Senator RIEGLE. What are you doing?

Mr. MANNING. Assistant city planner.

Senator RIEGLE. What was your background before that? I mean how long had you been unemployed, and tell me what problems you were having in the labor market before you spotted this——

Mr. MANNING. I had been out of work, I think, about 2 or 3 months.

Senator RIEGLE. What had you been doing before that?

Mr. MANNING. I had gone to college for a long time.

Senator RIEGLE. But, I mean, had you had another job after coming out of college?

Mr. MANNING. No; I had been looking.

Senator RIEGLE. And hadn't found anything?

Mr. MANNING. Hadn't found anything, not that—you know, it was a case where—probably if I had wanted to wash dishes, or somethng like that, but I happened to see this, and I though it was a good opportunity to get in something that was different and interesting, so I took it. The city had a one-man planning department in one of the fastest growing cities in the State. They needed help fast, so it worked out good for both of us.

Senator RIEGLE. Now, how long have you been at this?

Mr. MANNING. About 6 or 7 months.

Senator RIEGLE. What do you think is going to happen to you next?

Mr. MANNING. I would imagine they will, by the time their budgets come around, and everything else, they will probably establish the position under their own funding.

Senator RIEGLE. You mean under their own budget?

Mr. MANNING. Under their own budget. I would imagine.

Senator RIEGLE. Because they are growing, and because they have seen the need?

Mr. MANNING. Yes; I think they see a need there for that, and they needed it at the time. I think once they get the budgetary thing worked out it will become a fully funded city position.

Senator RIEGLE. So then you think that there is a chance then after they do that then they will offer you this spot?

Mr. MANNING. I would imagine they would. Now, whether or not I will want to go that route or not, I don't know.

Senator RIEGLE. I would assume that even if that didn't happen, that in light of the fact that you have now had 6 months on-the-job training, so-called, in this planning environment, do you think that you have learned enough and are learning enough that that is a transferable skill?

Mr. MANNING. Oh, you bet.

Senator RIEGLE. What makes you say that? Is that just a hunch, that you could probably take that now and go elsewhere?

Mr. MANNING. Oh, sure. I don't know if you call it job skills or planning skills, but the job skills you can transfer.

Senator RIEGLE. Who wants to go next? I want to sort of get each profile established here.

Mr. JACKSON. I have been in the program since 1974, approximately 4 years.

Senator RIEGLE. Let's identify you. You are Mr. Jackson?

Mr. JACKSON. I'm Mr. Jackson. I am the educational coordinator for Baxter Community Center. Like I said, I have been in the program for 4 years. Mine was also coincidental. I was in college at the time, completing my degree, and I happened to find out that there were some vacancies available through CETA for an area that I was very much interested in, which started out to be citizen participation. I applied for the job and got it. Since that time my educational background and past work experiences have been in providing services to people in the public and within the inner city. So initially when I came

into the program, I guess you could say that I was economically disadvantaged because I had not had any job per se, a permanent job, prior to getting this position.

Senator RIEGLE. How old were you at the time?

Mr. JACKSON. I beg your pardon?

Senator RIEGLE. How old were you at the time? Or is that revealing classified information?

Mr. JACKSON. No; not really. About 4 years ago when I was coming out of college, 27. Yes; 27. I will be 31 pretty soon. I am getting old and senile.

Senator RIEGLE. I just turned 40. You think 31 is traumatic.

Mr. JACKSON. I was 27 at the time. Previous to that I had worked in social agencies, you know, during the summer in various programs that had been funded for college students, work-study programs.

Having been in the program 3 years, 4 years, there have been some ups and downs for me.

Senator RIEGLE. Let me just stop you there. Did you anticipate when you went in that you would be there 3 or 4 years, or you just didn't have any way of knowing? You got started and now you are 3 or 4 years down the track, and you look back and you see that you have been there 4 years, but that wasn't necessarily your expectation when you started?

Mr. JACKSON. To be honest with you, my expectation when I started in that program was to be in that program approximately 2 years, and possibly move into a permanent sector of employment, irregardless to working with, you know, in the educational field, in the social work field, or something of that nature, something in a permanent position with the city, which, you know, has not happened in 4 years. That is one of the problems that I find in being a CETA participant, who is not what you would consider the hard-core person. You know, I mean educational-wise, having skills that I can utilize, or a prospective employer could utilize in me.

Senator RIEGLE. Right.

Mr. JACKSON. It doesn't happen. I have applied for various jobs, permanent jobs, and have not gotten them. I have come to the conclusion—and this is based on my own personal experience—that in essence there is a stigma placed on CETA employees. That bothers me, because I have a background. I have an educational background. I have skills. I have worked for x number of years in this field.

Senator RIEGLE. Yes. What does your work record look like? I don't mean that as a provocative question. Let me put it a different way: Would your supervisors over 3 or 4 years feel good enough about your work that they would say good things about you if somebody else was willing to ask?

Mr. JACKSON. I would think so, yes. None of them are here. Yes, I would think so.

Senator RIEGLE. So, in other words, with these background pluses of education, and the fact you have had this work experience, and so forth, you have obviously got the motivation for that kind of work because you have been working in it for a long period of time, and presumably when a vacancy arises which is the right match with your skills and background, there ought to be a connection taking place, and there isn't——

Mr. JACKSON. Right.

Senator RIEGLE [continuing]. And you are saying it is in part because you are wearing a CETA tag around your neck, and you think that maybe that means to somebody there is something that is not quite right.

Mr. JACKSON. Right. I had a very bad experience which occurred August 30. I was terminated from my position—and without going into the whole process of the thing—finally, after 4 months of being unemployed I got the position back when they found out I was terminated through no fault of my own. The experience I had during that period of time——

Senator RIEGLE. That 4 months?

Mr. JACKSON. Right. Was such that I began to wonder about the CETA program and what it has to offer a CETA participant, you know. How are CETA participants handled in regard to a situation like that, where you are working for a supervising agency, and you are working under—my immediate supervisor being an executive director—and the executive director at that time who was no longer with the agency, I guess, in essence saw me as a threat, so I was fired on some insubordination trumped up charges.

Going to GRAMPC and trying to get them to look at the situation and look at what had happened to me left me in a state of limbo, because on one end of the spectrum I am getting from the employing agency, which is GRAMPC, "We realize that it was not your fault, and you should not have been terminated, so therefore we are trying to do something about it," which made it difficult for me to draw unemployment during that time.

So what I am saying is that one of the things that I would like to see happen is that the manager and administrative differences in program operations be more clearly stated because you are dealing with an administrative part of an employing agency, which is GRAMPC. You—the employee—are in the middle, and you have a manager, the supervising agency, on the other end of the spectrum. You, the employee, are caught in the middle, and you have two people on different ends of the spectrum trying to handle your problem, but yet you are still the one that is catching all of the flak, and it is creating a problem for you as a participant. So that was a bad experience for me.

Now, I had begun to wonder what was the Comprehensive Employment and Training Act? What was that?

Senator RIEGLE. Yes. Well, that is what we are wondering.

Mr. JACKSON. Another area that I am very much concerned about is training and education for people like myself and the gentleman next to me who have degrees who want to pick up some skills to make them more adept at applying for permanent positions. Another area that——

Senator RIEGLE. By the way, may I ask, does it sort of give you the feeling that a lot of what goes on in high school and before high school and what goes on in college, whatever it is directed to it is not necessarily directed toward making the big leap out of the educational system into the work career?

Mr. JACKSON. Right.

Senator RIEGLE. When you finished your college experience if at that time instead of going into the CETA program, where you have now invested almost 4 years of your life, if instead you had gone somewhere else and struggled to sort of break into that private sector job market, maybe in Grand Rapids, maybe whatever, which would have been another option for you—I mean I don't know how long it would have taken and how you would have made do in the meantime, and so forth, but presumably somehow somewhere you would have gotten hooked up in something. As you now weigh and look back and think about what the pros and cons might have been in taking that route at the time when unemployment was high and the job opportunity situation wasn't that hot anyway, versus CETA, I am just wondering, if you had it to do over again, even given your qualms with CETA if you still think you would cast your lot in the CETA direction?

Mr. JACKSON. I don't think so. I don't think so. I think I would have gone the other route. My educational background was in psychology and sociology with a minor in social work, so I have been certified by the State of Michigan as a certified social worker. However, it is sort of difficult being certified by the State as a certified social worker and not having a master's degree, to be able to get into the job market or to be able to get into the department of social services to do that type of work. So at that particular time it was easier for me to go the CETA route.

Senator RIEGLE. Well, it is ironic because now the 4 years of experience that you have picked up, in a sense, is equivalent to a master's degree in another form, I would think.

Mr. JACKSON. That is true, but most of the times I have found in my experiences when I go to apply for a job, you see it right there, "A master's degree plus *x* amount of years experience in the job market," so it really doesn't mean anything. I mean they can look at the fact that I have a bachelor's degree, that I am a certified social worker, and that I have 4 years experience in the field. However, I still don't have that master's degree.

Senator RIEGLE. Right. Plus I would think, too, that if you are right, that sort of being branded as a CETA person is not necessarily a plus, but maybe even a minus.

Mr. JACKSON. Right.

Senator RIEGLE. And the longer you are a CETA person, probably the bigger the minus becomes, because they would say, "Why were you a CETA person for 4 years? What is the matter with this guy that something didn't happen before then?"

Mr. JACKSON. It makes it kind of difficult for you to say, too, "Well, it is not my fault. It is the CETA program's fault."

Senator RIEGLE. Yes. So your prospects now are what? More of the same?

Mr. JACKSON. I don't know. I am not sure.

Senator RIEGLE. Well, there is something wrong with CETA, it seems to me, if somebody like yourself can't make a bridge into the private sector somewhere. I don't mean the private sector in terms of not the public sector because obviously, you know, the kind of interest you have is in sort of public sector work, but it seems to me if this program is not able to take somebody exactly like yourself and

with 4 years of effort, and not succeed in helping you get matched into a permanent position, something is wrong.

Mr. JACKSON. I am not only myself, but even in the agency that I work at, we have several degreed CETA people. In fact, we have one who is less than about 18 hours from her master's degree which she has done on her own.

That is another problem, you know. We have salaries, but we have no fringe benefits, so therefore we have to provide for ourselves health care, and all of the other things that private industry provides for their employees plus attempting out of that salary to even further your education. I mean it is sort of difficult to take one class on the master's level because it is one hundred and some odd dollars for one class, so you are talking about a lot of money to take away from the fact that you don't have health benefits. You have got to provide yourself with health benefits, but how are you going to even further your education?

Senator RIEGLE. Right. May I ask what you are being paid now?

Mr. JACKSON. My salary is $13,000.

Senator RIEGLE. And as you say, you don't get any fringe benefits, so that has got to come off the top.

Mr. JACKSON. No; I have to provide for my medical.

Senator RIEGLE. You are 31 years old?

Mr. JACKSON. Thirty-one years old. Plus——

Senator RIEGLE. Well, counsel was saying, you know, his understanding would be that you should be getting benefits, but what is your understanding on that point? Do you know why it is? Is your understanding of the law different than that?

Mr. JACKSON. That we should be getting it?

Senator RIEGLE. I am just wondering. It may well be that the legislation indicates that you may well be entitled and are supposed to be getting fringe benefits that are equal to what other people doing the same work are getting. I don't know that that is a fact. I will check it, because maybe there is some odd wrinkle here as to why that is not the case because you are the second person who said that.

Mr. JACKSON. You know, I mean that may be true. It may be a stated law that we are supposed to be getting fringe benefits, but I am sitting here to tell you right today that we are not getting fringe benefits.

Senator RIEGLE. Well, let me ask you this: To what extent—we will get to you in a minute—to what extent do you think that maybe the problem might be an oversupply of persons with your background, training, and education, and desire to go to work in the social services area? Do you think that the fact that maybe the pool of people that you are part of, that maybe want to do that is larger than what the demand is for people in that area right now, and that is part of the problem, or not so?

Mr. JACKSON. It could be part of the problem. I have never entertained that thought, but it could be part of the problem.

Senator RIEGLE. Because, you know, on the face of it, it would seem to me that you have got the requisite skills and so forth, and if people are being hired to do social services work out of whatever the pool of available people is that have the training and desire to do it, that sometime over the last 4 years you should have been snapped up, and if that is not happening, I am wondering if it is because maybe there is an oversupply of people who are bidding for whatever the limited

number of jobs is in that area, and that is one of the reasons why the connection isn't occurring.

Mr. JACKSON. It could be possible.

Senator RIEGLE. What mechanism do you have for talking to the CETA people about this, for sitting down and saying, "Hey, look, I like you and you like me, but do we really want to continue to do this the rest of my life?" "What can we figure out to do to help me get out of the CETA program and into a permanent job?" How would you go about doing that?

Mr. JACKSON. OK. I have to go back to this experience when I was unemployed. I was being carried on the CETA records as, you know, not having a work site, but being carried as an employee of CETA. During that time that I was unemployed I would go at least twice a week to direct services and scan the board. I also talked to one of the counselors, and they told me, you know:

> We want to keep you as an employee of GRAMPC. However, we cannot find a job slot that is comparable to your salary and to what you have been doing within the CETA program right now for us to put you into that job slot and not returning you to the agency that you were terminated from.

I think that situation happens all the time because I think that people in the CETA programs who are motivated to even attempt to find permanent positions utilize direct services to go down and see what the job market has to offer or to go to MESC and see what they have to offer, and there is just nothing there. You know, there is nothing for me in the position that I am in now with the amount of money that I am making. You know, there is nothing that would be comparable to going into public service unless I landed a city position, which is relatively difficult as far as I am concerned, and I am still stuck with the whole thing of, "Well, he is a CETA employee."

Senator RIEGLE. Let me just read you here a provision out of the—this is a print that contains in it the law itself, the CETA law, and there is a provision here. You may just want to note this. Under section 208 under item A, it lists a whole series of things. It says—and this is part of the initial language that you don't need to write down. It says, "The secretary shall not provide financial assistance for any program or activity under this title unless he determines in accordance with such regulations as he shall prescribe that"—and then there is a whole list of requirements. One of the requirements is, this is item 4:

> All persons employed in public service jobs under this title will be assured Workmen's Compensation, health insurance, unemployment insurance, and other benefits at the same level and to the same extent as other employees of the employer, and the working conditions and promotional opportunities neither more nor less favorable than other such employees enjoy.

Now I would think that if your funding comes under the title, and you said this was title II or VI. Do you know which title you are under?

Mr. JACKSON. VI.

Senator RIEGLE. Well, the law here sounds pretty unambiguous to me. It sounds to me like this is a specific requirement in the law that has to be met under those two titles, and you are in one of those two titles, and so I would think, and you will have to inquire about that. I have an office here in Grand Rapids myself, just in the next building, but if you can't get an answer, you are welcome to have us help you to

get an answer to that. But, in any event, that would seem to be the situation, so maybe there is an oversight here or some other problem.

Mr. JACKSON. It is a possibility that may be an oversight, because we do get Workmen's Compensation and we get unemployment benefits, but we have no type of health benefits.

Senator RIEGLE. Do the other people in that area in which you work have health insurance?

Mr. JACKSON. Yes, they do.

Senator RIEGLE. I would think you would be entitled to it then, if the law means what it says. Well, let me ponder some more, some of the things we were talking about.

Miss Lannen, why don't you tell us your story?

Miss LANNEN. OK. I went to college for 4 years, and decided about 3 months before graduation that I didn't want to teach, which is what I was preparing for. After I got out of school I looked around for any type of job working with kids, with sports activities, and I got a job working with the YMCA.

Senator RIEGLE. This is here in this area?

Miss LANNEN. Yes.

Senator RIEGLE. Did you go to school close by?

Miss LANNEN. Yes, at Grand Valley. And once I got the job at the Y, I was teaching swimming and working with lots of kids, and finally after working there for 9 or 10 months, realizing that I could work there for $2.50 an hour for the rest of my life teaching swimming, doing the things I wanted to do the most, and realizing that unless I was a teacher I didn't know where else to go to get a half decent job.

An opening came for an urban agent at the West Side Complex with Kent CAP, and I applied for the job, thinking that it may be a start of a career, that I should give something brand new an opportunity. I enjoy people, and I enjoy talking with people. I got the job, and it was under title I at the time.

Senator RIEGLE. When was this?

Miss LANNEN. February 1977. And I was told that the funding was good for 120 days, and after that their guess was as good as mine. And at the end of May I was laid off because the title was terminated. I went on unemployment, and then at the end of the summer I got a job under title II, working in a position that paid $10,000 but one that I didn't really like, but I needed to have a job. And a position opened back up in Kent CAP in November that was $6,000.

Senator RIEGLE. What was the $10,000 job?

Miss LANNEN. It was program planner for the YMCA in Lowell.

And when the position opened back up at the complex where I had worked, where I enjoyed working, I decided to take it even though it meant I was going from $10,000 to $6,000 a year, and that is where I am at now. I am under title VI. I have no idea how long. They tell me the title is good for 1 year, and I have no idea what I can do from this point on as far as nonsocial work.

I enjoy my job a lot. On $6,000 a year I don't have enough money to go to school. Right now I can see different things about CETA that are good as far as having people have jobs and having incomes to support their families, but I really question the training part of it and what people are supposed to do, just like the gentleman on the end here. He has put in 4 years of his life, and really other than get the stigma of

"You are a CETA worker", what has he got? He has got the experience in social work, but I understand the problem of needing a master's degree too. When you want to apply for jobs they say you have to have a master's and experience. Well, I am getting experience, but I am getting no closer to a master's degree.

Senator RIEGLE. How old are you now?

Miss LANNEN. Twenty four.

Senator RIEGLE. So you are in the program right now because there really isn't anything else for the moment that you know about. At least it keeps you working in the area that fits your interest. You are making $6,000 a year. Are you getting health insurance coverage?

Miss LANNEN. Yes, I am.

Senator RIEGLE. And so presumably what is going to happen is you are going to stay with this until whatever comes next, and there is no way to forecast that.

Now I am wondering what we draw out of this in terms of your educational experience and whether in some way the fact that you started out wanting to teach and then you branched away from that idea, so you are not exactly sure where you want to go, I take it, in terms of your long-run career interest. I am wondering if you knew that, for example, if that would make resolving this dilemma any easier. That isn't to excuse CETA's failures, but I am just trying to figure out now how the program, if it is working right, resolves that kind of situation and helps you find your way into the future.

Miss LANNEN. But, you see, when I came back in November after working with another agency on a different CETA program, I decided that I wanted to come back to social work and pursue that, and even as it stands now, I could work for, you know, $3 an hour for however long the title goes, and I don't think it is made clear to CETA employees if there is going to be any type of raises for putting in—you know, if I put in a year's work at Kent CAP, and the Kent CAP employees get their raises every 3 or 4 months, or whatever, I don't understand why I should just work for $3 an hour and be doing the same work that the Kent CAP employees are doing and they are making perhaps more money.

Senator RIEGLE. What happens if a CAP position opens up, would you be considered for it?

Miss LANNEN. Possibly, but from what I understand at my complex, there are other CETA employees that have been there longer than I, that I would guess would be first in line before me.

Senator RIEGLE. Do you get the feeling that the job that you are doing is really an essential job, and if they didn't have you to do it that they would have to find somebody else to do it?

Miss LANNEN. Well, I can see the need for urban agents in the CAP program. I don't know if my particular one—right now they have four more jobs open. They always need agents, but they have a hard time getting through the CETA's paper work to get somebody hired. It can take a couple of months to get somebody hired.

Senator RIEGLE. Why is it so hard?

Miss LANNEN. I don't know. From my experience, I wrote my name and address and phone number and social security number on so many different forms, it just seemed a waste of time. It seems like if they could have just one file for you instead of pushing you through three

or four different offices and setting up times for you to meet with different people, and to read all the CETA regulations, it just seems like it would cut down on time. Well, like when I first got paid on the job when I came back in November, it was over 6 weeks when I got my first paycheck, and they told me it would be close to three.

Senator RIEGLE. Have you talked to anybody else, or do you know anybody else that has tried to come into the program, and then you come in there and did get signed up? Do you know people that have come in and tried, and basically have just given up because of the hassles of just getting in?

Miss LANNEN. Yes; I made some calls one day for one of my supervisors, calling up people to interview for some of the positions that were open, and when I called a couple of them said, "I put in that application so long ago I don't even know what the job was now", you know. "Can you tell me something about it?" It was somebody that was just futilely looking for any kind of work. I talked to several of those, and they said they had just tried and tried for so long, and hadn't heard anything for so long, and just kind of, "Oh, well". And I realized when you try to get a job you have to persevere just to get somebody to listen to you.

But many people who don't have any background and even somebody trying to teach them some of the things that are helpful to know when you are trying to look for a job, these people don't know that you have got to make 10 calls to get anybody to even know, you know, that you have got an application in. And for most people I can see where it is very easy just to put in some applications, and after a while say, "You know, I am not going to get a job. I would rather stay on unemployment as long as I can, or on welfare, or any thing else that comes along."

Senator RIEGLE. What has been your experience as to how good whatever counseling service there is within CETA now? Because you are—I would think, you know, you are a part of CETA. I assume what they would want to do is they would view you as a very important person because their success depends on your success, and they found you, and you are doing a good job, and so forth, and I would assume they have a great interest in wanting to figure out how they can move you from that job into something else later. Do you have the feeling that they have that kind of great interest, is there a lot of focus and attention paid to that part of the program?

Miss LANNEN. I don't believe so. My coordinator for CETA, the last time I talked to him, he mentioned to me that he was overseeing over 100 different employees, and he was just trying to keep up with the different little problems, like if an employee didn't get a paycheck, or something, and they called him, and he had to handle different little problems, and that he spent most of his time just on little things like that, and I haven't heard anything whatsoever mentioned as far as what you are going to be doing a year down the road.

Senator RIEGLE. Well, the program is never going to work if that is the situation. I mean if the caseload is 100 to 1, or anything close to that, the critical part of this thing—well, it seems to me there are two critical parts. Well, I guess there are three critical parts. The first one is getting hooked up with CETA in the beginning and getting through this massive paper work, and you and CETA getting

together. And then there is this job experience of wherever you are going to go and learn skills and insights, and develop yourself, and so forth, and keep body and soul together because you have got the paycheck at the same time. But then this third thing, and probably the most critical thing, is when you leave CETA and go to this job that the whole rest of the process is designed to enable to happen, so if we are not really focusing the time and the resources and the quality efforts, it is marrying you up with a private sector job or marrying you up with whatever the permanent job is that you are going to get into, then the whole program falls apart. That is really the critical link in a sense, because if that one doesn't work, then everything before that, I am afraid we end up in his position where, you know, you just start running the track, and pretty soon you are becoming a permanent CETA employee, which is not where he ought to be and is not where you ought to be either.

Miss LANNEN. Might I add that I have many friends that are in the situation such as he is in that when I ask them what they plan to be doing in a couple of years, they say, "I don't know. I can't go to school while I am working. There is not funds enough to do that." And I realize he is making more than twice what I am making, and with my type of income and the amount of people that I know that are working for that kind of income, really, other than trying to put in to try to get experience, I don't know what they are going to do or what I am going to do a year down the road from now.

Senator RIEGLE. One of the reasons I was asking whether or not you really think your job is necessary now is that if it is, then the city, in effect, or whoever is responsible for providing the urban services is getting some pretty good low-priced labor. They are getting you pretty near the minimum wage to do a job if they had to go out and pay a more competitive wage, they couldn't get that job done.

Miss LANNEN. That is right.

Senator RIEGLE. I am not saying let's put a bad rap on them. I am not saying that that is their motive, but I think it can end up having that effect after a while. You really sort of ease some budget problems if they can get the job done by you for $6,000 because, you know, you don't really have any other way to get yourself situated. I am also wondering, too, now just taking the three of you as one sample, and you picked and landed in the urban studies area, but you have got another advantage, and that is that you are white and you are a male, and that gives you an edge over her in terms of the way the basic statistics tend to sort themselves out. I am just wondering, too, you know, to what extent that is a factor, that is making it more difficult to break out of the CETA program. I suspect there is probably some of that in both of your cases. I am not saying it is your fault, but you know, that is the way it sorts out.

Well, any suggestions that any of you have for me in terms of other things that we ought to be thinking about doing? I mean I am really going to zero in on this sort of counseling business because it is the same place we missed the boat in high school. I remember when I was in high school, I mean there was such a fraud that anybody even said there was a counseling effort because there was no counseling effort for all practical purposes, and I don't get the feeling in most places

that we are any farther down the road decades later than we were at that time. The thing that really frustrates me is the fact that for whatever reasons, we can get through high school, and in the cases of two of you, you get through college, and yet still somehow not be in a position to really grab hold of the economic system and really get into it. If CETA is going to be the thing that sort of comes into the picture and it is going to respond in those situations so that we can make a hookup, if they are not really concentrating on the hookup—I mean it is all well and good to have the training experience and job experience and the income, but the whole point of the exercise is that then we take all of that and we find a match and we facilitate getting the matching done.

Maybe that is where we are falling down. I mean that is what I am going to take a look at. If we were not devoting the resources and attention in that area and really cutting the heart out of what we are doing before we get to that.

Miss LANNEN. One thing I would like to ask you. I didn't hear all the testimony this afternoon. There was something to do with the recommendation for a person being involved in the CETA program for 78 weeks to then, as I understand it, to move them out into a job in some type of industry and bring somebody else back in.

Senator RIEGLE. Well, unfortunately, as it has been described and suggested by the Carter administration, it hasn't been that nice. In other words, that is what the concept was, but what the worry has been is that some units of government have taken these CETA slots, and because they have got great budget pressures, have figured out that they can take the CETA money, and they can actually fill a job vacancy in their own operation, you see, and basically create sort of a full-time employee that they need to have anyway, but they don't have to pay the first $10,000. Because they can get it out of the CETA thing to do it. What the Carter administration has proposed is to say, "Well, we will put a limit on how long somebody can stay in one of these jobs," so that at the end of 78 weeks, I guess it is, you know, once they are in the job, they can only stay in it that long, and at the end of that time they have to leave the job and the whole process has to start over again in terms of the city or whatever the sponsoring program is has to put a new person in there so that it would foil any desire to sort of take and make somebody a full-time employee under the CETA system and sort of lock them in and basically get the Federal Government to pay for it. That is why the 78 weeks.

But obviously from your point of view, if the CETA is not working, to sort of bring you through a work experience where at the end of 78 weeks presumably you are ready to get plugged in somewhere else into the private system somewhere, then it is just a question of being taken up to that point and being dropped off the cliff, which obviously is not going to serve any good purpose either.

I don't know how long it should take on the average for somebody to use the CETA transition, because it ought to be a transition situation, to want to go from not being able to find a job, for whatever reasons, through the CETA program where you can work, get some training, get some job skills, get oriented, get routed in some direction, and have income at the same time. And as you sort of go through this process, at some point, you know, you made it through successfully

out of the other end, and you go into the private sector into a job where there is a decent fit. Now, I don't know how long that ought to take on the average. I mean, I don't know if we should set any limits or not.

[Off the record discussion between Senator Riegle and Mr. Ginsburg.]

Mr. GINSBURG. How would you feel about after 26 weeks of employment, which is 6 months, kind of getting back into the mainstream of work, but after that period of time the prime sponsor would be responsible for then spending a portion of each week in which you worked beyond that in providing training, providing more counseling-type work, so that after 6 months they would be responsible for affirmatively taking each one of you aside and saying "Look, you have been here for 6 months. You have gotten back on your feet; you have got work. Now what is it you want to do in a permanent sort of nature? How can we help you?"

Senator RIEGLE. This would key off the recommendation of the professor who was here a minute ago, who said, "Maybe what we ought to do is at some point maybe we ought to split the work experience into two pieces, and part of it is the job that you are presently doing, and maybe for 3 hours in the afternoon you are going someplace else and you are getting a specific shot of a particular kind of applied training and experience that is going to leave you out of the CETA job and into something that is going to be permanent."

How do you feel about that idea of maybe having a trigger after 26 weeks, or whatever the figure of time, where there is a much tighter more specific requirement that this thing has to start to get tightly job oriented in terms of working into something that is going to be outside of CETA?

Miss LANNEN. I feel it would be really good. Right now I feel like I could work at this particular job for 2 more years, and other than have over 2 years of experience at the job I have, but be no further along. And in my own situation, if I knew that somebody would at least take the time to sit down and really talk to you about the possibilities—I realize you can scan those screens and everything, as far as sitting down with somebody that was there to do it for their job, you know, to say, "Let's look at it in longer terms of what you are going to do for your life." I would be in favor of that.

Senator RIEGLE. It sounds to me, too, like that might be the kind of job you might like doing yourself.

Miss LANNEN. Yes; would you like to fund that job?

Senator RIEGLE. Maybe we could put you in it.

Miss LANNEN. You have got my name.

Senator RIEGLE. You were going to make a comment.

Mr. JACKSON. I was going to agree with her wholeheartedly in terms of that there needs to be some type of counseling provided. I mean, I know who my counselor is, and I know that I can call him up and say that I want to talk to him. But in 4 years——

Senator RIEGLE. But does he know who you are?

Mr. JACKSON. Right. But in 4 years, I can count the number of times when he has called me and said, "Hey, Jay, I would like to talk to you in regards to your work performance." Within our agency the way it is set up now the supervising agency is responsible for the evaluation of

CETA personnel, and depending on whether or not that agency wants to send in a copy of that evaluation to be put in your permanent record, it is totally left up to them, you know.

Senator RIEGLE. Is that right?

Mr. JACKSON. You are not evaluated by, you know, like a job counselor or someone on Direct Services' staff saying that in 6 months you are going to be evaluated in regard to your job performance in connection with the supervising agency. See, to me, you could end up with two job performance evaluations. You could end up with one from CETA from Direct Services, and you could end up with one from the employing agency.

Senator RIEGLE. I agree with you that should happen. My immediate area that gives me pause is that I am afraid that because private employers may be skeptical enough about getting into the CETA business, that if we impose more requirements upon them to generate paper and send it back over to the other place, that maybe that becomes just one more thing that prompts them to say, "Oh, the hell with it"; I mean, "I am not going to fool with CETA."

Mr. JACKSON. I understand that, but I am not saying that maybe placing more—I don't feel that is necessary at this point in time to even place more requirements on the private employer. I think basically in essence what I am trying to say, and I feel this way personally, is that we have got to start placing more requirements on management, middle management, who are responsible for us as employees.

Senator RIEGLE. Right. It sounds that way. Did you have any different experience, or do you think that you were just fortunate enough in your situation that things click, or did you get more counseling than has been their experience?

Mr. MANNING. No; it was a case where I went through the initial thing, was plugged in, and my contact with CETA has been zero. Possibly that is because of the fact that they expect things to just happen, and I will move out.

Senator RIEGLE. What is your salary?

Mr. MANNING. About $9,500.

Senator RIEGLE. Well, I really appreciate your coming and your patience in staying, because it is so important that we think and talk about these things, because if it is not working at your level, it is not working. It is important that we have a chance to sort of think together about these things.

Let's do this: If you have any other thoughts after today, if you wake up in the middle of the night and say, "Gee, I wish I had, I should have said such-and-such," let me know. I have got an office right across the way. Call us on the phone and get Alice or Frank and just pipe along any additional thoughts you have so that we can reflect on them.

We are finished for today. The committee stands in recess until tomorrow morning in Detroit.

[Whereupon, at 4 p.m., the subcommittee recessed.]

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

FRIDAY, FEBRUARY 17, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
POVERTY, AND MIGRATORY LABOR
OF THE COMMITTEE ON HUMAN RESOURCES,
Detroit, Mich.

The subcommittee met, pursuant to notice, at 9 a.m. on the 10th floor of the City-County Building, Detroit, Mich., Senator Donald W. Riegle, Jr., presiding pro tempore.

Present: Senator Riegle.

OPENING STATEMENT OF SENATOR RIEGLE

Senator RIEGLE. The Senate Subcommittee on Employment, Poverty, and Migratory Labor of the Committee on Human Resources today is holding this field hearing to review the programs authorized by the Comprehensive Employment and Training Act (CETA). Yesterday the subcommittee received testimony in Grand Rapids on the CETA programs from a broad cross section of people including public officials, manpower experts, CETA participants, and representatives of several community-based organizations. Today's testimony will complete the Michigan field hearings and complement the testimony we already have received.

One of the most persistent and debilitating problems confronting this Nation, Michigan, Wayne County, and Detroit is the unacceptably high rate of unemployment. The latest available statistics show that overall unemployment in the United States is 6.3 percent; the unemployment rate in Michigan is 8.2 percent; and in Detroit, unemployment is now at about 9 percent. These statistics don't begin to reveal the actual magnitude of the unemployment problems, though, because they represent an overall picture of only those persons who are actively seeking jobs.

Those individuals who have become discouraged and have given up looking for a job are not counted in the total unemployment rate. Many thousands of individuals are underemployed. These are individuals who have the requisite skills, education, and training for jobs that just are not available in the public or private sectors, so they take jobs that are not commensurate with their true capabilities. Yet the overall unemployment rate does not reflect the extent of this situation. And the overall unemployment rate disguises the structural problems

that exist among certain segments of our labor force, particularly teenagers, women, minorities, and older workers.

When we speak about the unemployment problem, we are really talking about two separate problems: one is countercyclical in nature and the other is structural. The countercyclical unemployment problem diminishes as the national and local economies pick up. That is to say that there are workers who lose their jobs during economic downturns, but who have the necessary job skills to become reemployed as the economy picks up. The other problem is much more insidious and also much more difficult to solve: it is a structural employment problem. The structurally unemployed include worker groups such as youth, minorities, women, and older workers who find it difficult to attain a job even in the best of times.

I believe the Federal Government has a responsibility to help solve both of these employment problems, with particular emphasis on the structural unemployment problem. A vital first step in this effort would be congressional enactment of the revised version of the Full Employment and Balanced Growth Act, the so-called Humphrey-Hawkins bill.

This legislation would establish an annual process in which the President, the Congress, and the Governors of the Federal Reserve Board would chart economic goals together with clearly articulated policies and programs to achieve these goals. The legislation calls for a goal of 4 percent unemployment within 5 years, with the further provision that this goal can be modified in the future if the achievement of this unemployment rate would be unrealistic or counterproductive.

The next step to relieving unemployment is to provide job opportunities and training for those who cannot find them on their own. This is an effort which cannot simply be one in which the Government participates; the private sector must also be an active force if these efforts are to be successful. The Comprehensive Employment and Training Act, better known as CETA, represents much of this Nation's commitment to providing employment and training opportunities.

CETA authorizes a variety of employment and training programs to assist unemployed and underemployed individuals increase their skills and job opportunities. The bulk of these programs are operated by prime sponsors. Prime sponsors include the State, units or combination of units of local government which have a population of 100,000 or more, and other program agents which serve native American, migrant, and other groups which are specially designated under the legislation. Prime sponsors directly employ CETA participants, but they also are directed and authorized to subcontract operating funds with other nonprofit community-based organizations such as community action programs, OIC, Urban League, SER, and the Mainstream older worker programs.

At present, there are over 430 prime sponsors nationwide. In Michigan, we have 22 prime sponsors that are units or combination of units of general local government; the State also is designated as a prime sponsor to serve in those areas not covered by other prime sponsors.

These 23 prime sponsors, in combination with the native American and migrant programs, have been and will be responsible for the distribution of some $500 million in the 1978 fiscal year.

In Detroit, the prime sponsor will be responsible for the administration of almost $100 million; and in Wayne County, over $40 million will be spent by the prime sponsor on the CETA program.

This vast sum of money represents a commitment to the needs and problems of the unemployed and underemployed. But much more ought to be done. More of this country's resources should be used to assist unemployed and underemployed persons become economically self-sufficient with the promise of upward social and economic mobility becoming a reality instead of just a myth. The agenda of unfinished business also includes the enactment of a welfare reform bill, legislation that I intend to actively become involved in during the remainder of this year.

These field hearings and other hearings that are to be held in other States, as well as in Washington, D.C., in the next few weeks are intended to explore the operation of the various employment programs—to find out which programs work and those that don't.

The subcommittee sincerely appreciate the time and effort that each of the witnesses has taken to be here today to share their experience and knowledge of the related issues of employment and the CETA programs.

Now, let me ask everybody here to get settled. We will bring this committee meeting to order.

I am Senator Riegle. I serve on the Human Resources Committee in the Senate and on the Subcommittee of Employment, Poverty, and Migratory Labor. That subcommittee is headed by Senator Gaylord Nelson, from Wisconsin, and the committee has authorized this field hearing today, and Senator Nelson has asked me to act in his behalf and chair this hearing, to examine with you and with the public the issue of the CETA program, how it has been working, how it ought to be working, and suggested changes that we might make.

Over the last several years, since we have been operating the CETA program, it's expanded in a variety of ways, and it has grown in such a fashion that now we are spending something in excess of $12 million a year nationally on the CETA program.

Here in Michigan, for the last accounting period, the last fiscal year we will be receiving and spending in the State of Michigan something on the order of $450 million for CETA projects. Now, that's essentially a half-billion dollars; it's a tremendous sum of money, and the issue is: Are we doing it right. Are we targeting the money properly, are we getting the kind of mileage out of that committee of resource that we really should be getting?

Obviously the unemployment problem is one of the worst and most persistent difficulties that we face as a society. And here in Michigan, because of the unique nature of our economy and the way we fit into the national economy, we have a far worse unemployment problem year in and year out that is found in most other places. So one of the things we have to look at very carefully, I think, is the degree to which we identify the difference between structural unemployment, which means people who, regardless of whether the economy is good or bad, are likely to be in the ranks of the unemployed, because they lack the skills or they are not in the right spot or they are just not able to find a job opportunity, versus those people who we would call cyclically unemployed people, whose unemployment is sort of functioning in the ups

and downs of the economy, people who have job skills who are able to work, ready to work, and when the economy is going well, they are absorbed, and when the economy starts to turn down, they become unemployed. Because the problems of those two groups of unemployed people are profoundly different.

CETA started out, I think, much more focused on the problem of structural unemployment, of people who in a sense were permanently unemployed, where there was a need for training and other things to bring that person to a point where they could go out and compete and enter the overall labor force.

Well, the program has moved off in a lot of different directions at once, so now its focus is much broader than that, and it takes in a number of different kinds of categorical efforts. And that's one of the things I want to assess with you today as we talk about this.

Now, we have other matters legislatively that relate directly to CETA, and I'm sure John Conyers, our first witness today, will be addressing some of these. But I want to mention two in passing, and the most important in my judgment, is the Humphrey-Hawkins legislation which is presently before the Congress. And Humphrey-Hawkins legislation is version No. 4. It's not version 1 or 2 or 3, which a lot of people were nervous about, but it's version No. 4 which has been changed and, I think, it is a sound and solid and necessary piece of legislation. In passing Humphrey-Hawkins, it is an essential part of dealing and facing up to and planning to solve the unemployment problem and, of course, then it relates to directly what we decided to do in CETA, which becomes a part of the effort to solve the unemployment problem. Also we've got the welfare reform proposal before the Congress at the present time and this also has a bearing on the issue of how we solve this problem of long-term unemployment for so many people in our country.

Another factor that I think we have to bear in mind at the outset is that our unemployment in this country is very uneven. If you look at it by category, you'll find that certain groups, particularly minority groups, women, older workers are experiencing substantially higher rates of unemployment than other people in other groups, and this seems to persist regardless of what the economy itself is doing. So another thing I think we have to factor into the way we shape these CETA programs is how we, in a sense, take account of those differences and how we work some equity into this program so that we can hopefully eliminate the fact that certain groups are being asked to carry the greater weight of the lack of jobs and unemployment in this country.

Now, today we are going to be hearing from a variety of witnesses. We have scheduled—we have tried to structure a witness list in a way to get a directed opinion from prime sponsors to local unit government officials and others who have had different kinds of experiences in different aspects of the CETA program. It's crucial that this input come in at this time.

We are about to renew the legislation. It has to be rewritten and my mind is open to whatever suggestions you want to make to me.

Now, the Carter administration has made some suggested changes, proposed some changes in the legislation. I don't know how sound those are. That's one of the things we need to examine together as to whether

or not some of the changes that have been proposed in terms of dollar limits, time limits for poor people in the program, whether those really make sense or not.

So my purpose in coming today, in bringing the subcommittee here today, is that I want to make sure that we really are examining and listening carefully to what the grassroot experience has been with CETA, and to make sure that your sense for how we ought to proceed is both heard and cranked into the policy process at the front end. And I feel very strongly that that's the way we ought to operate, and because I am in a position on this committee, and a subcommittee to help write this legislation, in a sense that gives you the direct access to that process and that's the purpose of this hearing.

I have two staff members with me today. On my right is Scott Ginsburg, who's the subcommittee staff counsel in handling this issue. And on my left is Stephanie Smith, who is on my staff, who is my specialist and I have a number of other staff members from the Detroit offices who are here today, and we are interested in any comments or statements that any citizens want to make.

We have a scheduled witness list and the time will be tight. In addition to that, if there is anyone who has a particular observation they want to make or testimony they want to give us, we'd be happy to receive it and we'll make it a part of the committee record and see that it's brought to the attention of other members of the committee.

Finally, before calling our first witness, I want to thank those of you who are here today and the time you have taken to prepare your testimony and the problem to appear and to share your thoughts with us. Our first witness today is the distinguished member of the House of Representatives and a dear friend of mine and a person who, if another name were to be added to the Humphrey-Hawkins bill, it ought to really be called Conyers-Humphrey-Hawkins bill because of the leadership he has given to it now over a period of years. But Congressman John Conyers will be our leadoff witness today and we are delighted to welcome him here and to ask for his testimony. Good morning.

STATEMENT OF HON. JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Congressman CONYERS. Good morning, Senator, and I am very pleased and honored to be the initial witness here to welcome you back to Detroit, our city and your city, and to commend you for the leadership role that you are providing in the fashioning, not only of CETA legislation, but of the full employment legislation, of which CETA is going to be a part. I think your opening remarks were really on target.

One of the things that I have learned, if anything, in my tenure in the Congress is how to be an effective witness. I will try to demonstrate that today by sparing you from the comments that have been labored over so long by experts on my own staff and merely summarize the points that I know you want to hear articulated.

I must say that I support the notion that you have of bringing these hearings to the people. Many of the witnesses that you will be hearing today would not be able to come to the hearing that will continue in Washington, and I think that that is highly commendable. It's in keep-

ing with the way you have always felt Government should operate. I want to clear the record for all of those people who have worked in this program day in and day out and some of whom are the beneficiaries of this program.

You have cast the reconsideration of this legislation in precisely the appropriate light. That is, in 1973, when CETA was developed, there was no full employment concept. It was still buried back in 1945 and 1946, when we had the full employment act of 1945, which was emasculated into the Employment Act of 1946.

Over the years CETA has picked up a number of other programs, and like all other Washington goodies, it began to have its limitations and its qualifications for participation, modified and eroded so that pretty soon nearly everybody and anybody could figure a way to get into it. Now, this isn't peculiar to CETA. This is the nature of all of the public programs that we develop. It is partly an administrative problem and partly a political problem. A lot of our legislation can't get through unless we make the prime administrative unit cities of 100,000 or more.

Here in this single labor market area, there are nine prime sponsors, some of them working in many different ways and at many different levels of efficiency from the others. The Employment Security Commission seems to be omitted from it entirely. What we are doing here is trying to fashion what was originally a comprehensive piece of legislation that is now going to figure importantly into its successor, the Humphrey-Hawkins full employment act.

Fortunately you serve on both of the Senate committees that jointly have jurisdiction over H.R. 50 and you, of course, are key on CETA, so that it seems to me that Detroit and Michigan can be very, very pleased and proud of the participation and leadership that you will be giving on both of these bills.

The first point that I wish to make is on participant eligibility. The whole question of who's qualified to benefit under CETA is of the first magnitude.

I want to say here and now that the lower the limits are, the better from my point of view. The reason I say that is that unless we keep income eligibility somewhere below 70 percent of the lower living standard, which is $10,000, we are not going to really reach the people who need it the most. This is not to ignore other parts of the unemployment problem, but unless we do that, we are not going to be focusing in on the real problem of the unemployed.

The second point that is critical to me is the increase in training that is necessary under CETA. One of the great criticisms that I have received is that CETA participants are unprepared and unskilled through no fault of their own, generally speaking, to give any meaningful services to those people who are going to employ them. I have had one high official here in Detroit's administration tell me that he has had to issue a directive to the agencies within his department to take 15 CETA people every year. Why does he have to do that? Because, for the leaders of those agencies, taking on these 15 men and women, usually young people, usually untrained persons who never had a job, it's more trouble than it's worth. They don't have any training going along with them. It's true that their salary is being compensated by this Federal program, but nothing much else to offer. And this

probably obtains in the private sector as well. They don't want to do it unless there is training and effective funding for that training in title I that has to be approved for in far greater abundance than it is now.

The third issue that I would ask you to watch carefully during the course of these hearings is the allocation formula. You and I know that that's the game-in-town in the Congress in which votes switch at the last minute wholesale because some brilliant staffer with a computer can figure out a way to argue that Northern States will wipe out the Southern States; or the West will predominate over the East; or if you vote this formula, we'll get more bread to bring back home. And we have seen that mood sweep the floor on many different kinds of legislation.

I want you to watch these two criteria that will be weighed into that formula. One is the percentage of unemployment and the percentage of poor in the city. I can't tell you now which combinations are going to be better for the cities and the people who need this program the most, but we know that unless we watch those formulas very, very carefully, we'll end up getting a smaller allocation in fiscal 1979 and 1980 than we have received in the 3 years prior, and that would be calamity, even with the passage of H.R. 50, because much of the activity under the full employment bill may involve CETA.

My next point deals with title VI, and countercyclical public service employment. It seems to me that this program, Senator Riegle, should be reserved for the unemployed with low income. When we begin to examine the people with $25,000 or $35,000 a year incomes who are temporarily laid off benefiting from this program, when the hard-core are not, it seems to me an inequity. This is not to ignore the college people that are unemployed, the middle income wage earner who's unemployed, but what has been happening across the years is that there is a creaming process going on in CETA: that you take—and this is human nature—you take the best people that are eligible in the CETA program to give them jobs. The best people always happen to turn out to be a young fellow in high school that's college bound. Granted he needs a job too, but the kid that dropped out, that has problems with a regular work schedule, who has never learned to type, who is having reading problems, drops to the bottom of the CETA barrel. What we have been doing over the years is building up a residue of these persons by dealing off the top. As you know, with a large middle income group temporarily laid off, and with the municipal budget problem here in Detroit, the city had to get exceptions from the Department of Labor on how many people could be reemployed in the city administrations.

As important as all of those considerations are, we have to make sure that we deal with the original problem. And I am urging that we focus on it very carefully.

You are going to be in Washington next week, when the President will meet with yourself, Senator Nelson, and Congressman Hawkins, when the administration announces their version of CETA. I'm not sure where the President's programs are going in this direction, but I'm very concerned about the notion of taking on welfare reform under the CETA program.

To me, at this point in time, it doesn't seem to be a smart or recommendable thing to do. The people that need welfare and who also need

jobs, should be able to get them under the eligibility requirements of CETA. To categorize welfare people as one kind of unemployed poor as opposed to any other kind, to me is attaching a stigma and perhaps additional onerous responsibilities that may not apply to anybody else. So I am very sensitive to this issue and I will be watching for what the President wants to do by taking part of the CETA program and allocating some 725,000 jobs to those who are on welfare.

In keeping with my original admonition, that I would be a good and model first witness, I'll stop at this point. Thank you very much.

Senator RIEGLE. Well, thank you very much for your statement now and also for your prepared statement which is an excellent one and which I am going to make a part of the committee record and will bring to the attention of other members of the committee.

Let me ask you this: How do you think we might best try to target CETA at the people that you are identifying, and I tend to agree with you, who are most in need in terms of the structurally unemployed? In other words, how would we really best target, to try to get at the worst pockets of unemployment among young people, minorities, women, older workers, the ones who, as you say, have sort of been pushed down to the bottom of the barrel?

Congressman CONYERS. Well, in a way, Senator Riegle, and this is the way of Washington and the legislative process, sometimes we get things backwards that should be put in a proper sequential order.

You see we are here discussing of necessity a piece of legislation that ultimately is going to be a microcosm of our larger attack on full employment and balanced growth, considering all of the fiscal, legislative and budgetary tools that the executive and legislative branches have at their disposal. So in my judgment your question directly relates to H.R. 50, of which CETA will be an integral part. I am hopeful that you will impress upon your colleagues and your body, as I will upon mine in the House, that CETA must be part of a larger plan, within which we must try to figure out unemployment, structural unemployment, the problems of black youth, 50 percent or more of whom are unemployed, the problem now emerging of a new category of underemployed senior citizens and people forced into retirement, plus the working poor, and the subemployed people who work 40 hours or more sometimes a week and are still eligible for welfare benefits.

While these problems are an appropriate subject of discussion here, they really cannot be resolved within the framework of CETA legislation alone. So that's why I hope that we will try to improve this bill and then come back to H.R. 50 which is due on the floor in a few weeks. What I want to do is essentially to keep the focus in CETA reauthorization on the eligibility requirements and the formula allocations to people who need it the most and for whom it's the most difficult to benefit.

Now, you remember Irving Bluestone's testimony before you only 2 weeks ago on H.R. 50, and I think his point is worth recalling. He made the observation that reducing a few percentages of unemployment initially under H.R. 50 is really relatively easy. It's 7 percent right now and there is a general assumption that under H.R. 50 we are going to try to cut a percent a year. We have gone down to 4 percent. We have a 5-year period, so people start thinking of it, "Well," without stating it, "that if we can hit a percentage, chop a percentage off each

year, we'll be in good shape." But the obvious problem, and I think it can be proved statistically, is that even without a full employment policy you could reduce the unemployment rate by a percent or a percent and a half because it's been done before, and we didn't have full employment planning. So the question that really becomes extremely difficult is, when you get to the residual structural unemployment, when you get to the end of that 3 years, the question then becomes, "What are you going to be doing." Unless you are able to really bring to bear all of the massive training that's going to be required.

Here in Detroit, Senator, we have 45 percent of the young people never graduating from high school. When I graduated from Northwestern—it was Northwestern High School—believe me—it was 44 percent. It was terrible then, it's worsening now. So we are talking about an employment situation in which technology is increasing, in which the skills of the young people entering the labor force are decreasing and which because of international market considerations, many transnational giants are moving, not to the suburbs, not to the South, they are moving to Taiwan, the Philippines, Indonesia, Africa, wherever the labor rates are lower, the labor management problems fewer, and the profits are of a far higher magnitude.

Senator RIEGLE. Well, you make an excellent point, and the thing that concerns me here is that even with the published unemployment statistics—I mean, we're not even—I mean we are approximately what the unemployment figure is in Detroit and my own home town in Flint and other places, there are literally millions of people in the country we don't even count who fall into the category that you describe. It seems to me that, unless we make the kind of focus you are talking about in terms of the scale of the problems and the fact that you need the unique approach, if you are going to take somebody that doesn't possess even the beginning job skills, if somebody has not gotten through school and is having difficulty with basic skills, that problem has to be addressed as well as the problem of how one then acquires some specific job training for a particular kind of a job.

One of the things that came out in the testimony in Grand Rapids yesterday, is the fact of the complication of even getting into this program. I mean, even if you happen to fall in the category when you are eligible, the paperwork that has to be filled out, and the number of places you have to go, and in some instances, you might have to go to three different locations in getting into a CETA assignment, obviously for the people who are structurally unemployed and who might have difficulty with that process, even if it weren't so elaborate, if it's going to be made so difficult in effect it becomes a screen, it screens them out right from the very beginning.

We had three younger CETA people yesterday as witnesses before our committee, and as it turned out, all three, for example, had college degrees. Well, to me that illustrated what is a serious national unemployment problem, where those people who even have had the advantage of being able to get a college education are finding that they can't make an entry into the job market, and so they are using CETA as sort of a halfway house to try to acquire some specific skills so they can get placed. But it was a perfect illustration of this creaming process that you were describing before.

But to somebody who is further down the ladder, and who is, as you say, 55 percent of the cases of young people in the city of Detroit, not getting through high school and less in areas and certain groups, the difficulties in that situation of ever somehow finding an avenue and route into the job market, especially when the job market anyway is shrinking, because as you pointed out, jobs are tending to move out of our State, if not into other States, other countries, I think really makes the case directly for the fact that we've got to have a national plan that's aimed directly at the kind of unemployment problem that we have, and that CETA has to be looked at as a part of a bigger strategy and we can call it Humphrey-Hawkins, and we can call it H.R. 50, we can call it the national plan to solve our unemployment problem, but clearly there isn't anything that's more important for us to do.

Let me tell you the thing that concerns me, however, and that is that we've got a situation right now where we've got a real pile up of problems in Washington. We've got the coal strike, we've got the Panama Canal tying up the Senate and probably for many additional weeks, but of the fact that so many people will filibuster and offer amendments and so forth, we've got the problem now with the Middle East, which seems to be taking more of the President's time and the White House staff's time and so forth, and then along comes a whole host of other things; CETA reauthorization, Humphrey-Hawkins and so forth. And the thing that concerns me, unless there's enough of an outcry at grassroot level, enough focused interest so that the President and the people around the President and the leaders of the Congress understands what the Nation's real priorities are, I can foresee a possibility that the things we have been waiting now for 8 years of Nixon and Ford to get at, could very well be sort of pushed off the center of the stage because of these other problems, which could end up taking most of the time this year. And then as we come down through this year, we get closer to the congressional elections, and I could see how the possibility could very well develop, unless the priorities are set very clearly in terms of where the President is going to put his primary attention, and where Speaker O'Neill and the Majority Leader Byrd can be persuaded to put their attention, what could happen is, we could end up getting most of this work done and then not being able to make it all happen, because we just get lost in this big traffic jam.

So I think one of the messages that I hear you saying, and that I want to emphasize for everybody that we can reach with the sounds of our collective voices, is that we really need some public strength and support and pressure, intensive effort directed at the key players in the Federal Government at this time, because if we miss this chance, I am not sure when it's going to come around again.

Congressman CONYERS. Well, your statement, and I suppose we are reinforcing each other, is of critical importance.

The Government does not operate by those 535 legislators and a President alone. It is sensitive to the mood of the people.

You know that we wouldn't ever have had H.R. 50 in the Senate and the House if the Congressional Black Caucus had not persuaded the President of the United States to endorse it before the untimely passing of one of its authors. I mean, at that moment of history, Don, we wouldn't even have a H.R. 50 on the boards. So what you are saying is really worth underscoring.

We are now in the process of dealing with the fundamental issue of allocating resources in this country. It starts with full employment. Not that full employment in and of itself isn't a tremendously important problem, but it's even bigger than giving jobs to everybody in America, as a matter of right, who needs them and want them. The whole notion of determining how we are going to allocate all of the tremendous resources in this country is really involved in the question of how we are going to create the jobs. You and I, and the experts that will come on after me, know of the tremendously important and vital things that are being done in these public work programs, in the summer youth jobs, in the countercyclical activities. They are incredibly important.

The same thing happened during the depression period, and yet, what he have to finally in the end ask ourselves is, who is to determine who is to work in this country, to what ends will our tremendous resources be utilized, and what public needs will be dealt with first? And that's the only way we can rebuild the city of Detroit, the cities of this country like Detroit. The only way we can move to a national comprehensive health program, the only way we can improve a sagging public educational system, is to ask these questions within the framework of "How do we use our resources?" Even an energy program to create jobs. How do we move toward peace in the world by cutting back this exorbitant defense budget, which is now going even higher than the $118 billion that is currently authorized—an all-time peace-time high—from skyrocketing even further, is even deadlier weapons, which obviously diverts from the budget funds that could be used for our domestic program? All of this is involved in the fundamentally and elementary simple question of: Do we put people to work that want jobs in this country? You are sitting on the most important single issue that the Congress and the U.S. Government is confronted with, and I, for one, am very, very happy that one of those persons leading on this issue is Don Riegle, Michigan's U.S. Senator.

Senator RIEGLE. Well, just in conclusion, John, I really appreciate your being here today and the observations that you are making.

I think it's important for us to really think about CETA as a human development program, and I don't know if that's always the image that it has, but different people look at it from different vantage points and they may see it as a way certain people get jobs and certain others get left out and so forth. And any program that's just going to take some and not everybody is bound to take on some of that kind of impression.

But I think the essential fact in CETA, if we can put it together right and make it work right, is that we are developing our people. We are giving people a chance to be what they can be and to live full and productive lives. And if that doesn't happen, if we miss that stage in a person's life where that isn't occurring, then nothing very much is going to happen after that. I mean, we're talking about a life being over in many respects before it ever has a chance to start. And I think with so many other things vying for public attention, whether it be big international problems or elections which keep coming and other things, if we lose sight of the fact that right now is the time when we're finally in a position to make the national commitment, we'll concentrate on the development of individuals in terms of making them able

to live the kind of lives that they deserve and want to have for themselves, then we just can't afford to miss. We can't afford to miss that point; and that's where we are now.

I think the President, not coming from situations like ours here, and therefore not having the kind of firsthand sense for what unemployment means in the context of a major urban center, I think he is learning. I mean, I think he's beginning to understand, and I think as he gets the opportunity to hear from the Black Caucus and to hear from others of us who feel strongly about it, it's beginning to become clear to him. And my hope is that we can get the administration to make the commitment this year to get these things done.

I am afraid of this possibility, if that priority isn't given to it, and that is with congressional elections coming, it's altogether possible that we can lose some of the votes we can count on this year, and we may not have all of those votes next year. So the window that's open to us to finally make this commitment is right now. I think the effort that you have been making for an extended time has really put us in a position now where we've got a chance to get this done.

My commitment to you and to our constituents and to the people that we're talking about here, is that we can't let this moment slip away from us. Now is the time to do it, and I just hope that with all these other things happening simultaneously, the coal strike and everything else, we won't find that the national energies get so spread out, you know, that we miss the chance to sort of get this done. Well, I don't think it has to be that way.

I want to thank you again for coming and I want to say, too, that some of these specific suggestions that you have made here in your written statement, particularly with respect to the allocation formula, the targeting are really essential suggestions and I am going to see that they are taken account of.

Congressman CONYERS. Thank you for bringing the hearing to Detroit, Don, and fortunately for Mr. Carter, he has at least one Senator from Michigan and one Congressman from Michigan who are very skilled at lecturing in a constructive way to Presidents. Thank you very much.

[The prepared statement of Congressman Conyers follows:]

Testimony by Congressman John Conyers on the Comprehensive Employment and Training Act, Before the Senate Human Resource Committee, Employment Subcommittee, February 17, 1978, Detroit, Michigan

CETA reflects a mixture of goals for employment and training. The formulas for allotment of funds to accomplish this mix of goals have spread the dollars across the political landscape -- to communities with high unemployment, low unemployment, fluctuating unemployment and in-between. CETA's eligibility criteria and the way the money has been spent in different communities has led to creaming, with the least benefits for the structurally unemployed. From DOL data and any other sources, its awfully difficult to tell who actually benefited, in relation to who should have benefitted; in what ways, in terms of increased employability and skill development; who got jobs and whether they still have them; and whether CETA resulted in any substantial amount of job creation. The construction of the CETA legislation itself adds to the confusion about purposes, means and accomplishments, and I am urging a more or less complete reorganization of CETA in the reauthorization process.

We all know that national policy and legislation dealing with employment and training has gone through a metamorphosis since the early 1960's. Under the Manpower and Development Act of 1962, for the first time the federal government was committed to financing employment training programs. With the Economic Opportunity Act of 1964, employment and training programs became a mico-economic policy and program tool to deal with poverty. With the Nixon/Ford Administration, the Comprehensive Employment and Training Act of 1973 began to shift national employment and training programs away from their focus on the poor. Eligibility criteria for participation was expanded to include the cyclically unemployed, without regard to income, and a broad group defined as the "economically disadvantaged." At the same time, the involvement of the poor and minorities in the operation of employment and training programs has been deemphasized. Thus, viewed in its historical perspective, CETA has evolved out of a movement of national legislative policy away from targeting on the poor and structurally unemployed.

During this same period, say the last 20 years, shifts have occured in the job opportunities available in major employment sectors. The fastest growing job opportunities in the private sector have been concentrated in lower paying jobs. Employment in the highest paying jobs in the economy has declined from 55% of all employment in 1950 to 40% in 1976. This trend is expected to continue well into the 1980's. Consequently, for the Black labor force, as new youth entrants and participants in prime working age groups have sought higher paying employment, the opportunities for employment and on-the-job training or skill training have been shrinking. Blacks have been concentrated in lower paying jobs in the services and retail trades, without access to higher paying jobs in many instances. Consequently, manpower policies benefiting blacks would have to emphasize upgrading of skills focused on high demand areas. Thus, viewed in the perspective of shifts in the distribution of job opportunities in recent decades and projected for the future, the redesign of CETA has to provide substantial resources for the development of technical skills that are, and will be, prerequisite for job competition. And these resources have to be targeted on those most in need.

In view of the shifts occuring in private sector employment since the 1950's, it should be no surprise that blacks have sought public sector jobs. State and local government employment has increased by over 50% between 1950-70. Many of these jobs have paid better than private sector jobs. Public service employment will continue to be a key area of job opportunities for minorities. There obviously is a tremendous amount of work to be done in revitalizing cities and their neighborhoods. At the same time we know that major older cities, as well as smaller cities and suburbs, are severely restrained by fiscal problems in maintaining and increasing their public payrolls. Consequently, urban policy that deals with the fiscal distress of cities and manpower policy that that deals with public sector employment have to be consistent and coordinated. Thus, while

Congress is considering alteration of CETA, at the same time it is considering the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978. It is my view that CETA is only part of a national manpower policy which, in turn, is only part of national strategy for both full employment and urban revitalization. But whereas the reauthorization of CETA necessarily has been linked to welfare reform legislation, I have yet to hear revision of CETA linked to the full employment goals of H.R. 50 or the goals of a national urban policy.

The government is spending $12.7 billion for CETA programs, including $8.4 billion to create 725,000 public service jobs by March 1, 1978. The Labor Department's Employment and Training Administration's statistics indicate that more than 1.7 million people were enrolled in the Title I training program of CETA in the nine months prior to June 30, 1977. Even with these employment and training efforts, the black jobless rate has still hovered around 13 percent, with a 40 percent jobless rate for black teenagers. Obviously CETA has just scratched the surface of joblessness in this country. More than 3 million persons are "involuntary part-time workers" who want full time jobs but can't find them. More than a million persons don't even show up in unemployment statistics -- the "discouraged workers" whose despair has made them give up looking for work. Millions of potential jobseekers also aren't counted by unemployment figures, including forced retirees, physically and mentally handicapped persons and women who would work if jobs and special services, such as child care or transportation, were available. About 20 percent of the labor force was jobless at some time during last year, including about 8 million persons unemployed for 15 or more weeks. More than 50 million persons were probably affected by their own unemployment or a close family member in 1977. In sum, this country has an acute and chronic unemployment crisis. Jobs for the jobless should be the highest priority domestic issue.

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In my view, there are three basic issues that should be the focus of discussion in the consideration of CETA reauthorization: the criteria for participant eligibility; increased training for the structurally unemployed; and the allocation formula for funding a new structural title.

1. Participant Eligibility

In order to effectively target Title I resources, participant eligibility should be limited to economically disadvantaged persons who are new entrants or reentrants in the labor force, underemployed, discouraged workers, and/or unemployed. Under the current law, eligibility for Title I funds would be "unemployed, underemployed or economically disadvantaged" persons. This definition of eligibility does nothing to achieve the objective of targeting scarce resources on groups most in need of services.

2. Increased and More Meaningful Training

The focus of Title I (or its replacement) should be more meaningful training so as to increase the employability, job readiness and earned income of participants. Public service employment and quasi-PSE and work experience types of activities should be eliminated as authorized activities. The list of authorized activities should be closed-end and focus on skill training and specific job-related training.

3. Allocation Formulas

All formulas in the Act should be systematically assessed, utilizing computerized data available with the Department of Labor and other federal agencies, and reformulated to achieve the policy of targeting resources to areas and persons with the greatest needs. Depending on the weight given to low income and unemployment in the Title I allocation formula, central cities will receive considerably more or less in fiscal 1979 and beyond than in fiscal 1977 and 1978.

Even as a limited tool in the national effort to deal with acute and chronic joblessness, CETA has many deficiencies that need to be corrected in the reauthorization.

CETA resources should be more directly focused on two groups: the structurally unemployed and those unemployed by fluctuations in the economy.

The existing Title I comprehensive manpower services should be combined with Title II Public Service Employment to become a structural unemployment and training title targeted at low income and structurally unemployed persons. Lower income should be defined as not exceeding 70 percent of the Bureau of Labor Statistics lower living budget (about $7,000 gross family income). The formula for distribution of these funds should be designed to target resources to areas and persons with the greatest needs. At least half of the funds under this new title should be exclusively devoted to skill training, on-the-job training and services supporting these training activities.

Every person enrolled under this new structural title should have an employment plan aimed at improving the individual's employability and skills for placement in unsubsidized jobs, a job placement and follow-up plan, with provision for supportive services as required. Jobs should pay the same rates as paid by employers to other persons performing the same work. The Employment Service should be fully utilized in job placement planning and job search activities.

The existing Title VI of CETA should provide public service employment, of limited duration, for lower income persons (e.g. below the BLS lower living budget) out of work for at least 60 days. Wage supplementation should not be permitted, except for work project supervisors. During the period of public service employment, participants should be required to search for unsubsidized jobs and provided with time off, with a stipend, for job search activities. For each 0.5 percent of unemployment nationally above 4 percent unemployment, at least a billion in additional funding should be authorized. The withdrawal of funds from communities as the unemployment rate declines should be at a slower rate than the increase to allow for economic adjustment in the communities affected.

Senator RIEGLE. Our next witnesses will appear as a panel, and I'd like to call at this time Mr. Richard Hammel, who's the chairman of the Genesee County Board of Commissioners, and also the president of the Michigan Association of Counties, Mr. John Barr, who's the chairman of the Wayne County Board of Commissioners and Ms. Beth Jordan, who's the chairperson for the Calhoun County Board of Commissioners. I am delighted to have each of you here.

Please feel free to bring your staff people to the table with you. We are delighted to have you here, and as you know the spirit of the hearings is, we want to try to get really the broad range of opinions and insight from all the parties of interest that have been working with the CETA program. So why don't you just start in the order in which I called your names.

Let me say first to Dick Hammel, coming from Genesee County, which is where I come from, I am especially pleased that you are here and I know you've got a number of thoughts you want to share with us, so I am delighted to welcome you to the subcommittee.

Mr. HAMMEL. Thank you, Senator. I am honored to be here also. I am also honored to follow so distinguished a Congressman as Congressman Conyers.

I am not able to articulate as well as you and the Congressman, so I will basically read my statement.

Senator RIEGLE. Dick, let me just interrupt you to say, before you summarize your key points, I'd like to ask you, because we do have some time after today, to give me the remainder of the details that you can develop in terms of pointed suggestions of whatever sort for changes and improvements. But why don't you go ahead.

STATEMENTS OF RICHARD HAMMEL, CHAIRMAN, GENESEE COUNTY BOARD OF COMMISSIONERS AND PRESIDENT, MICHIGAN ASSOCIATION OF COUNTIES; JOHN BARR, CHAIRMAN, WAYNE COUNTY BOARD OF COMMISSIONERS, ACCOMPANIED BY ED COOK; AND BETH JORDAN, CHAIRPERSON, CALHOUN COUNTY BOARD OF COMMISSIONERS, A PANEL

Mr. HAMMEL. Before beginning my remarks, I want to express my appreciation to Senator Riegle and the Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor for making available this opportunity to discuss CETA reenactment. Through exchanges such as this, I am confident that CETA can be strengthened and made an even more effective tool for combating the problems of unemployment facing the Nation, the State of Michigan and our respective units of government. It is especially appropriate that today's panel includes chairpersons of three of Michigan's largest counties, Wayne, Genesee, and Calhoun, since counties, either as individual prime sponsors or as members of multicounty consortia, have been the dominant mode for implementing the CETA program nationally.

As Congress has begun to look at the question of CETA reenactment, many critical comments have begun to surface. On the policy side, some argue that CETA has not been used as Congress had intended. Others argue the CETA money is used to supplant local funds to perform activities that local government would have done anyway

without CETA funds and has become essentially a form of general revenue sharing. Still others argue that local programs are discriminatory, that community-based organizations, or CBO's, have not been used as fully as intended, and that participants abuse the program by considering it "permanent" employment. Underlying comments of this nature is the notion that local units of government have taken advantage of the CETA program to the point that it bears little or no similarity to "congressional intent." On the operations side, many argue that CETA is overregulated. Others point out conflicting regulations and inconsistent interpretation of those regulations from Federal region to Federal region with the result that often what is permitted in one region is prohibited in another. All program operators from time to time have questioned the degree to which the congressional intent has been followed in establishing . . . a flexible and decentralized system of Federal, State, and local programs" as stated in section 2 of the act itself.

There is no doubt some substance to the criticisms from both the policy and operations perspective. However, in assessing the accuracy of the criticisms and considering changes in CETA, I believe it is appropriate to review the history of the CETA program and its use by Congress, successive administrations, and local government.

CETA was preceded in life by the Emergency Employment Act or EEA. The act, passed in 1971, created a relatively small number of jobs aimed at individuals unemployed primarily due to layoffs. Local government was far from eager to participate in the program because of limited staff resources and the hasty way it was being implemented. However, teams of "technical assistants" were organized and sent through the State to promote the program and assist local units in "gearing up." With this assistance and the expectation that the program would be shortlived, local government agreed to participate. Its participation insured the quick implementation of the program without the establishment of large local bureaucracies. While local government was at best skeptical, its participation can be considered, in my opinion, to have been the key to rapid EEA implementation.

As we moved into 1973, it began to appear that what was considered to be a short-term economic slowdown began to look like a more long-term problem. EEA began to look like a bandage placed on an injury that had required a splint all along. But EEA had alerted manpower specialists to the idea that employment programs without collateral training programs could not deal with the unemployed who lacked basic skills or who technology had passed by. Thus, Congress elected to pursue a more comprehensive approach and, through CETA enactment, combined employment and training efforts into a systematic approach to the problem of unemployment. In the process, it reaffirmed its belief that local government was the best mechanism for dealing with unemployment at the local level.

Congress' intent may have been to focus on training as much as employment, perhaps even more than employment. However, I believe that economic conditions facing the country dictated otherwise and that all involved in CETA, from Congress on down, responded to those dictates. The response was to rely on CETA as an employment program with relatively minor training emphasis. The dollars com-

mitted to CETA and the regulations governing their expenditure tell the story.

The bottom began to drop out of the economy in 1974. Not only were there cutbacks in the private sector resulting in layoffs, but the public sector also was caught in the price spiral pinch. In 1974, Genesee County, for example, was in the second year of an austerity budget program began in 1973. By 1975, the Nation was in recession.

During these years, there was little talk about training and training ideals. The emphasis instead was on Public Service Employment (PSE) and its expansion to deal with rapidly rising unemployment. The byword was PSE and local government was evaluated not on its training programs but how quickly it had geared up to hire workers laid off from the private sector. To be eligible, an individual needed only to be unemployed for 30 days. Local government officials were still skeptical about the program but saw the need to deal with high unemployment as clearly as anyone and knew that local government was the key to the solution. But now the criticism was that local government was unresponsive and was spending CETA funds too slowly. So we sped up.

More money was pumped into CETA via title VI and eligibility requirements dropped to 15 days of unemployment. In March of 1975 Genesee County CETA enrollments totaled 390. By the end of April that number had jumped to 931. This amounted to a 140-percent enrollment increase in 2 months. PSE at this point was hardly aimed at the long-term unemployed. Local government continued to be criticized for slow action in expanding PSE. We, in turn, were still skeptical, but we continued to speed up anyway.

Recovery appeared to be in full swing by 1977. But, unemployment was still abnormally high. New appropriations were authorized to carry CETA through fiscal year 1978 with the heaviest funding going again to PSE. The Carter administration set a goal of 725,000 new jobs funded by PSE. The Department of Labor required modifications of local plans to accommodate this goal and instituted weekly "PSE Expansion Reports." Local CETA programs continued to be subjected to more criticism for slow PSE expansion and began to be threatened with reallocation of funds if more progress was not made. We local officials are still skeptical, but now our skepticism is based partly on financial penalties we face because we or our subgrantees made mistakes as we attempted to speed up the PSE expansion process.

Now we come to 1978. The Carter goal of 725,000 new jobs will more than likely be reached. But where is the emphasis in CETA, particularly in light of comments that the "intent" of the program has not been followed? As far as we can tell, it is still on PSE. In a communication dated February 1, 1978, the National Association of Counties (NACo) reported the following:

> Regional staff have been asked to drop everything else and concentrate exclusively on the PSE buildup, according to a national office spokesman. So prime sponsors everywhere . . . can expect to feel additional pressure from their regional offices . . . .

I think this brief overview shows that despite whatever initial "intent" or "purpose" Congress had for CETA, it has been used primarily as an employment program to counteract high unemployment. We in local government have tried diligently to use CETA in this

fashion. In the process, we have overcome our own reluctance to participate in CETA, as well as the reluctance of public employers throughout our jurisdictions. Genesee County has doubled the number of subgrants it administers in the last year. Virtually every unit of government, school district, and the larger community-based organizations within the county are now participating and have created employment opportunities for the unemployed. I believe we have fulfilled the intent of the program as it has been expressed financially by Congress through appropriations to CETA, and administratively through the Department of Labor. It is true mistakes have been made but the errors were committed in putting the unemployed back to work.

Our role in CETA has caused us to recognize deficiencies in the CETA program that could be addressed in CETA reenactment. Neither time nor space, however, will permit me to go into detail on all topics deserving attention and consideration. I will attempt instead to look at some of the more important issues.

A. Training and the mix of training/PSE services: We are generally supportive of current trends in title I and III, particularly those which focus on the needs of minorities and youth. We are also in favor of expanding the role of the private sector in programs such as STIP. We are concerned, however, that organized labor is not directly enough in the policy formulation of these programs. As a result steps which labor could be taking to facilitate innovative efforts locally are often blocked or stymied by local union action. Heavier involvement and coordination with organized labor could avoid some of these problems.

The mix of training and PSE services needs to be made more responsive to economic conditions. As unemployment rises, CETA should be geared to emphasize PSE. As unemployment drops off, it should be able to change gears and emphasize training activities. Eligibility criteria, which currently differ for training and PSE activities, should be made more compatible. Efforts should be made to blend eligibility requirements so that individual employability development plans can take advantage of training and PSE resources as appropriate for particular individuals. I believe that with this type of flexibility local units can demonstrate their ability to operate effective training systems, particularly if the pressure for PSE expansion tapers off.

B. The cost of CETA to employers: The cost of employing CETA participants has increased substantially and, in some respects, has penalized the very employers who created PSE slots in the first place.

First of all, the current ceiling of $10,000 in PSE wages should be raised. We suggest two alternatives be considered. The first alternative would be to raise the ceiling to $13,000. This would represent approximately a 5 percent increase for each of the years CETA has operated. The second alternative would be to tie the ceiling to area cost of living factors and allow it to float with economic conditions.

A second problem facing employers is costs CETA no longer covers, most notably retirement. CETA regulations require that participants receive the same benefits as regular employees, but will not pay for this fringe benefit except in instances dictated by CETA. Unfortunately, the CETA requirements rule out payments to the types of retirement systems most small units of Government fund.

Third, steps should be taken to insure that local employers are not caught in a "double-bind" situation. I am thinking of the changes in the last two years in regulations covering unemployment compensation. We have several instances of small employers experiencing increases in their contribution rate to MESC because of fluctuations in their CETA work force. The rate increases, however, cover non-CETA as well as CETA employees and have had the effect of increasing the overall cost of government in these areas. This is difficult to accept for local officials who were reluctant to participate in CETA in the first place. CETA should be structured to prevent this from happening.

C. "Transitional" and "countercylical" PSE programs should be established: Most areas experienced two types of unemployment, structural and cyclical. The structurally unemployed are out of work because they cannot qualify for available jobs. The cyclically unemployed are out of work due to layoffs caused by economic slowdowns.

"Transitional" PSE jobs would be aimed at the structurally unemployed and would give them both the training and employment experience needed to compete in the labor market. Eligibility requirements would include a protracted period of unemployment or underemployment.

The problem of preventing long-term reliance on CETA also should be addressed here. We do not think that a mandatory limit on the length of participation, however, is the solution. Instead, we suggest removing the requirements that CETA employees receive the same wages and fringe benefits of non-CETA employees. This would enable employers to peg CETA jobs at lower than normal wages and fringes for their labor markets thereby creating an economic incentive to the participant to seek unsubsidized employment. Along with this change, we suggest establishment of a requirement that prime sponsors and program agents spend a portion of their grant, say 5 to 8 percent on job search activities as a direct, nonadministrative program cost. This will insure a direct interface between PSE and the unsubsidized job market.

Countercyclical PSE would operate only during periods of high unemployment (greater than 4.5 percent) and would be aimed at those unemployed due to cutbacks. To be eligible, a person need only be laid off from an unsubsidized job or be part of a family in which the primary wage earner is laid off. There would be no specific limit on the amount of time the program would operate. Instead, it would be tied to the unemployment rate. It therefore would terminate when the rate reached an acceptable level (4.5 percent or less) for some specified period of time (3 or 4 quarters). The participants would be terminated on the basis that the local economy had restored itself to the point that they can find unsubsidized jobs.

D. The role of community-based organizations (CBO's): The participation of CBO's in the CETA program poses a problem to prime sponsors which needs to be considered, particularly with regard to "project" funding that has been encouraged under the Carter Economic Stimulus Program. CBO's play an important role in identifying public service needs and meeting those needs. Their participation is thus a significant part of the CETA system. However, CBO's are often completely dependent upon CETA to perform the projects they propose. Oftentimes CBO's are ill-equipped to handle the complex and sophisti-

cated accounting and personnel management requirements CETA imposes and make errors which result in cash disallowances. We believe a more flexible system for reviewing and assessing costs should be developed to review situations involving CBO's particularly in instances where the disallowance resulted from sincere efforts to employ the unemployed as opposed to intentional efforts to misuse CETA funds. In all such instances, the prime sponsor/program agent should be insulated covering the disallowance out of local government funds.

E. Local planning and program flexibility should be reemphasized: The CETA program was initially presented as a flexible system which would be fine tuned to meet local needs and conditions. However, in actual operation, the program has been tightly federally controlled. The local planning process often seems to have involved rewriting plans to incorporate federal mandates rather than focusing on local needs. Recent suggestion for change seem to be moving CETA back to the categorical programs of the sixties and away from the comprehensive manpower system approach. We suggest that CETA reenactment consider ways of strengthening the role local planning can and should play in the CETA program.

In closing my remarks, I again want to express my appreciation for having the opportunity to comment on CETA reenactment. Implementing CETA has been a difficult process, but then solving our unemployment problems will never be an easy task. We look forward to making continued progress toward fuller employment and hope that Congress works with appropriate speed to enact an improved CETA program.

Genesee County is a member of the Genesee-Lapeer-Shiawassee-Flint—G-L-S-F—Employment and Training Consortium and has operated an extensive public service employment—PSE—program since 1974. In this testimony, chairperson of the board of commissioners of Genesee County Richard A. Hammel counters the criticism that the "congressional intent" underlying CETA has not been followed. Mr. Hammel presents the position that the overwhelming emphasis has been on public service employment rather than training since CETA's inception and that local government has responded to this emphasis.

The county's suggestions for changes in CETA focus on five areas. Considered first is the mix of training and public service employment. The county supports current trends to focus on youth and minorities and to generate more private sector involvement in training efforts. Suggested changes include facilitating local efforts at innovation in training by increasing organized labor input into policy formulation and making the training/PSE mix more flexible and responsive to changing economic conditions. The second topic considered is the cost of the CETA program to local employers with emphasis on raising the maximum CETA salary and insuring that costs mandated by CETA requirements are covered by CETA. The third topic focuses on the need to limit the financial liability of prime sponsors in projects involving community-based organizations. Considered next is the suggestion that CETA include both "transitional" and "countercyclical" PSE components and suggestions on ways to prevent long-term reliance on CETA employment. Mr. Hammel's discussion closes with a recommendation that local planning initiatives be reemphasized and

that steps be taken to return CETA to the flexible Federal/local system first envisioned by Congress.

Senator RIEGLE. Dick, thank you for your presentation. It's very helpful to us to have it. I've got some points I want to raise with you. I am going to see how we go on time before I do that.

John, let me call on you next. We are pleased to hear from you. Let me ask you if you can summarize as much as possible, so that we can leave some time.

Mr. BARR. Thank you. I testified in Washington once before the House Committee and I started by saying I have a document here that was prepared by experts as Congressman Conyers, but I think in the interest of time I'll summarize.

I was told by Congressman Rowe, "For God's sake, don't summarize, man, read it," because summaries often take so much more time than reading what experts have written.

I'll try not to ramble too much. I want to say also, and I think it's important to your being here and having as witnesses the kind of people you do, is probably more important than mine, because I've presented it to you in writing, but the fact that I think the word "Comprehensive" in the title of the act and comprehensive kind of witnesses you are having, we have three counties represented here, who are three different sizes, and I think we have different problems, and I want to make a particular case, and this is not written in my testimony, but I want you to pay particular attention to urban counties. There are probably 15 major cities in the country that fall into urban counties and create problems that are uncommon to all other counties in the country.

Generally, cities are represented by the League of Cities, and city lobbies that are obvious. Counties are often thought of everywhere as country, as rural areas, but there are some very major problems in cities and counties that house these cities that are unique. We are neither fish nor fowl when it comes to better programs, witnessed the recent public works go-around. We had a couple of go-arounds.

The first one, Wayne County, the third largest county of the country with economic problems, poverty, and unemployment, we get zero as our allotment. We went down and did make a case, and on the second go-around, got a few million, but still, I think we are underfunded based on our needs, and we need to be recognized as an entity, urban counties; so I would urge you to pay attention to urban counties.

The expert of Wayne County, Ed Cook, is here with me. We are definitely prepared to make the arguments, many of them were made I'm sure in other hearings. Dick Hammel and I'm sure the Calhoun chairman, Ms. Jordan, will make many of the cases we're presenting in writing what we have to say; some of it may be a little different. I urge you to read it and rely on it, because our people are most capable in this.

But as an overview, I want to say that I have no question about urging the continuation of CETA. I am convinced that our people in Wayne County are better for it as individuals who receive these jobs. I think that the county services, not only a county as Wayne County, but other governments, other public employers in Wayne County, are better for it in the work that was done by these recruits that would

not have been done. We are in a situation of fiscal crunch. We need the effort. The work, the manpower that is being provided through the CETA program, and I think that the citizenry as a whole, is better for having CETA and the by-products of having people working rather than people not working are so great. So we urge a continuation of it. There are changes in formulas that we would encourage. They are listed here.

But, again, I think it's so wise of you to hear from major cities, from CETA employees, people who have taken advantage of the program itself. I think this is the proper approach and to know that you are hearing these kinds of comments, from these kinds of sources. It encourages me that there will be the needed changes. But, again, think of urban counties.

Our problems are different, but most important. With that, I will say, welcome to Wayne County, and thank you for hearing and please read it because there is substance here.

Senator RIEGEL. You mean welcome to Wayne Urban County?

Mr. BARR. Right.

Senator RIEGLE. Let me ask you just this, John, before going to a next panelist, and that is: One of the patterns that seems to arise with, at least, a certain number of CETA employees that go into public service jobs is that they become in effect sort of like permanent employees. In other words, they come into public service jobs and the Government pays the first $10,000 and then there's some additional amount that, say county government pays to bring them up to the wage level of the job that they are performing, and then they could get locked into those positions and stay there like "flying Dutchmen," which it seems to me has two problems associated with it. One is: It starts to change into a kind of revenue sharing operation, I think, if that happens. But, No. 2, it closes up that CETA slot so it doesn't open up so that you can reach back and pull somebody else out of the ranks of the unemployed, and presumably move them into that vacancy and give them the job training and the skills and presumably upgrade them until they get them to a point you can hopefully move them out into some other position. It may be funded under the normal budget of the county or maybe even move them out in some other spot in the private sector. But what has been the experience in Wayne County in terms of whether or not people get into these slots and in a sense get locked into them?

Mr. BARR. I don't know. Ed is scribbling here. He says approximately 30 percent have moved up into regular jobs. And I was going to say, basically, I didn't have the statistics. We rather like permanent jobs for people who began on CETA. Now, did you mean permanent as CETA or permanent moving from CETA to permanent?

Senator RIEGLE. No, moving from CETA to permanent.

Mr. BARR. Yes, we are happy with our experience here. We think what should be the major product of the CETA program, is to provide these people with jobs that they would not have gotten and to provide them training that they would have not gotten.

We have several people who have come to work at any number of kinds of jobs, who have gone from proving themselves to those who witnessed their work, their attitudes and their improvements, into a job.

We have people come into work as file clerks in the board of commissioner's office, to go to the courts in a much more responsible kind of work. Very few have been on over 2 years in our CETA program. Two years may be a very long time, since this program is in its infancy, but we don't think it's being abused in our county.

Does this speak to all of our subdivisions as well as county government? But I think we are in fact experiencing a good introduction into the job market by the CETA program.

Senator RIEGLE. Let me just ask you now, if I understand it right, you are saying in the statistics I guess you are providing is that 30 percent, comes through, moves on up and out?

Mr. COOK. No. Probably 30 percent have been absorbed by these units of government or private or nonprofit private agencies that provide them with the entry opportunity. In addition to that a much greater percent—I don't have the number on the top of my head—have gone on to unsubsidized employment, so that the percentage is 10 or less that have stayed on and on. So it really becomes a transitional opportunity in a countercyclical way.

Senator RIEGLE. Now, the reason I asked the question, one of the changes that the Carter administration is proposing, is at the end of 78 weeks, they would propose that anybody who has been in a CETA job that long has to get moved out. In other words they would set that as an arbitrary mandate to force everybody to plan for a transition of that person out of the system.

I am just wondering how you feel about that proposed change?

Mr. BARR. I personally would have no quarrel with that. I think that's probably a good provision. Those people who are about to be laid off, of course, it's difficult for them. That's about 18 months, isn't it?

Mr. COOK. It doesn't match the 104 weeks of training that it provides and that's one of the problems we have.

And then the other one is that any arbitrary rule finds somebody in a pinch and when you said the number is not going to be well applied in some cases, it seems to me that in time you can set a rule that has flexibility for an individual case, it's a better rule.

Senator RIEGLE. Let me tell you one thing we ran into yesterday in the CETA hearings in Grand Rapids. We talked with a young fellow who is now 31, and he has been in the CETA program 4 years. I mean, he has been moved from one kind of CETA slot into another one and so forth, but basically he keeps moving through that system. But somehow we are not getting the job done in terms of getting him geared to a point where "boom" he leaves and goes into something that is permanent and also then opens up his slot for somebody else so they can come out of the ranks of the unemployed.

Mr. COOK. May I, Senator? We have had a local rule which was 2 years, 104 weeks, and that rule was set aside for a temporary period of time just because of these individual cases. A governmental department has a job in its new budget which doesn't take effect for 4 more months, and they want to keep that person and they have had them for 2 years and they have trained them and they are happy with them. If we applied 104 weeks or 78 weeks or any other number in a case like that, a valuable potential permanent career employee loses an opportunity because the work is there to be done. They can't wait for 4 months, but in 4 months they will be able to put them on the permanent payroll.

Senator RIEGLE. Let me ask you this: Another thing that we have been finding in our hearings and in our observations is that there is a tendency, when you've got a lot of people around unemployed, some without skills and a lot without skills and a lot with training, some with college educations and what have you, that there is a tendency for the most employable person to get pulled into the CETA program. In other words, there is a tendency for CETA to select from that huge reservoir of unemployed people the ones that likely they are going to be the easiest ones to work with, and to place and it's been referred to as creaming and various other things. What's been your experience in that regard? Do you have any way of taking and somehow balancing the approach?

Mr. BARR. We think we deal with that problem very well, in that we have a program that pays $8,000 rather than $10,000 and we supplement that. We have a program less than the $10,000, so that we are not really competitive.

The cream would probably—if there are regular market jobs—would probably get them and we would get people who are not in that level of competition, and I think that any employer, department head, who has the opportunity, of course, wants to get the ones who would be the most productive. But I think—what was the statistic we had here of 1,800 of ours?

Mr. COOK. That specifically would.

I am just dying to speak to that point, because I have heard it made so eloquently and so often.

I can't tell you what the statistics show for every prime sponsor, but I can tell you some of what ours show, what I brought you. I can also tell you that the National Association of Counties put out a comparison with categorical programs, which showed a much better performance in CETA, in terms of serving the economically disadvantaged, in terms of serving minorities, in terms of serving almost any significant market group you can mention.

Senator RIEGLE. Go ahead. Why don't you give me one, but I am going to have you give me a summary of your data so we can go through it.

Mr. COOK. Fine. I'd be happy to do that.

In title 6, at the end of this last calendar year, we had on board 1,782; 1,700 people of whom over 1,200 were not college people. That was an item that was brought up earlier. These were either high school graduates or less. Of that number, over 1,000 were economically disadvantaged. These are not poor performance statistics in terms of hitting target groups.

In our title 1 programs, in our training programs, we have a local target of 90 percent economically disadvantaged, and we come very close to that. Sometimes it's 86 per quarter and sometimes it's 91, but we are able to hit that target.

So the evidence in our case, and that's the only one I can really speak for, is that that isn't happening, and I think that an administration that is dedicated to the intent of the Congress and the planning council which watches very closely, we are lucky to have here very knowledgeable people on the Planning Council and a staff that understands and is committed that doesn't need to have these problems. And my own feeling is that when you are forced to make a

rule because somebody else has a problem, it generally causes us a problem because we didn't need that rule in the first place.

Mr. BARR. Let me expand on that philosophical point before we quit.

The thrust of much of my comments has to do with flexibility. We are asking not that there be a relaxation of control of policing, but rather that some mechanism be built into the formulas and the program and the levels of administration that in particular cases, particular reaction can be given rather than a hard fixed rule which will penalize the system and very often cost a slot or two slots to a particular city or whatever in honest error in unusual, unique, one time only situations. We would ask that you build into your programing, your policing provisions for correcting, of course, any problem we have. We often find them ourselves and correct them, but yet we have to suffer the penalty for having made that error, so we would ask that specific problems be dealt with on an individual basis as much as possible, realizing, of course, there needs to be the rules.

Senator RIEGLE. Well, let me thank you both. Ms. Jordan has got—she has another matter that she has to attend to briefly and she asked that we call her back in about 10 or 15 minutes, which I am going to do.

I want to thank you, both of you for coming today and for your testimony. I may have some additional questions to put to you in writing, and if so, we'll get to you soon But it's very helpful to have this testimony and I appreciate your coming.

[The prepared statement of Mr. Barr follows:]

Statement Regarding

Reauthorization of C. E. T. A. Funding

by

JOHN BARR

Chairman

Board of Commissioners

County of Wayne

Michigan

For: U.S. Senate Human Resources Committee

Subcommittee on Employment, Poverty and Migratory Labor

January 17, 1978

City-County Building

Detroit, Michigan

(NOTE: Page One of Statement summarizes basic position.)

Chairman Barr
February 17, 1978

for Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor

Three basic aspects of CETA shape our attitude.....and lead us to endorse continuation of CETA programs.

These aspects are:

1. CETA provides jobs and income for persons who are employable and who want work -- but cannot find it. The program offers hope for that ultimate goal -- "full employment" -- a decent job for every individual who is able to work and willing to work.

2. CETA programs provide education of a most practical kind in the most practical way -- by on-the-job training for the underskilled and underemployed. Thus the manpower potential of our communities is enhanced.

Our CETA programs in Wayne County until now have almost exclusively utilized work stations in local and county government.

We want to enrich this activity by providing more programs through private business and industry.

We look forward to vigorous pursuit of this alternative in the future.

3. CETA assists County and local units of government in distressed areas by providing emergency manpower. Many local units of government in Michigan have experienced tough times in the past five years.

Most -- like the County of Wayne -- have been taxing to the legal limit.

The crunch has been so severe that we have cut our county general fund payroll from 7,300 in 1972 to 5,700 this year.

With this severe cutback, the County of Wayne has utilized highly-valued CETA personnel to help fill the need. We foresee no substantial change in direction. In fact, our need is more likely to become greater. The economic vise is tightening each and every day. On the one side, costs of providing services have risen nearly 40 percent in five years. On the other side, our local tax revenues have increased only 15 percent.

From this overview, I want to elaborate on each of these three points, then make some suggestions regarding legislative changes for the extended CETA program.

In my five years as a Wayne County commissioner, I have had direct contact with a number of people in job-training in County of Wayne offices.

Some are younger -- like 19-year-old Glenda Bradley from Highland Park who is a receptionist-typist in our office. Her desire to learn and to succeed shows in various ways. She has just graduated from Detroit Business Institute. Without CETA, she quite likely would have no job and no job training. Some are not so young -- like Helen Jean, who has been in our office more than a year. Her husband is disabled. She has become re-oriented to daily work experience through CETA, and as a result, is looking forward to many productive years as a stenographer. I question whether there would have been a place in the job market for these two people -- or for some 12,000 others served in the last year through programs supervised by our Wayne County Office of Manpower. The private enterprise job market in the Detroit area has not provided places nor training sufficient to meet the need. Our governmental system has done so through the CETA programs and the benefits derived are too great to itemize.

Some of the most conservative elements in our region acknowledge this -- and I submit as an attachment a February 7, 1978 editorial from the Detroit News titled: "Congress should keep CETA alive" as a testimonial.

The second point suggests broader use of the CETA concept through on-the-job training in private enterprise.

In Wayne County, the extreme pressure on our Office of Manpower to find and fill slots authorized in governmental and public service agencies has limited our ability to work with the private sector.

We are committed to more dynamic programming in the future because we believe

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that private enterprise can and will utilize the process. Other counties have done more with this concept. We have had only a few experiences -- and the satisfactoriness of the results encourages me to forecast more.

We propose further to encourage program agents to likewise stimulate this kind of programming. There is reason -- from our experience to date -- to believe that good results can be obtained by working with small business enterprises as well as with big employers.

As for the third aspect, I naturally am greatly concerned by the threat of bankruptcy looming for the County of Wayne. While I recognize that this issue is not the special concern of this subcommittee, I nevertheless must view prospects for a continuation of CETA from this frame of reference.

As representatives of the people of the County of Wayne, our Board of Commissioners is seeking ways to turn the threatening tide.

One of the crucial ways to accomplish this is to utilize workers provided through CETA funding in county jobs. Frankly, this sometimes results in unsatisfactory service for our constituents and taxpayers. But it is better than no service. And, many times, the CETA trainee with a high level of desire to succeed, will provide in energy and good attitude -- an invaluable quality that the best of training cannot produce. At present, there are nearly 500 CETA-trainees at work stations with county general government agencies. That does not make up sufficient personnel to equal the 1,500 positions cut from our staffs in the past five years -- but it does help.

Now, I would like to discuss potentials for improvement in our future CETA program.

Our administrative problems are many because of the complexity of the urban area we serve, and because of constraints/and limitations imposed either by legislation or by Department of Labor decree.

We look forward to a number of changes.

We suggest the establishment of uniform eligibility criteria that are realistic in terms of local labor market conditions.

We have special concerns about program administration. Prime sponsors should have administrative flexibility. One aspect of this is to permit pooling of administrative costs.

Another is establishing for prime sponsors a reasonable small allowable margin of error in activities of program agents rather than penalizing prime sponsors for every trivial error discovered.

We believe also that the Congress should clearly declare a two-year time period for program funding. Our programs have been under extreme stress recently because of "speed-up" edicts from the Regional Manpower Office.

We are concerned also that proposals for separate administrative staffs details for Advisory Planning Councils would be counter-productive and result in clashing of gears -- when a more smooth operation is what is needed.

We look forward to encouragement for liaison between prime sponsors -- rather than the existing tacit disapproval of such liaison.

Further, any proposed future legislation would best serve the interests of the entire County of Wayne if it allows flexibility in requirements for transferring participants between programs.

Further, I would recommend that the Title II $8,000 per year wage ceiling be increased consistent with the Lower Level Standard Budget.

Finally, I believe a far more effective end result could be attained by enabling prime sponsors to have more authority and more flexibility in managing the activities of program agents.

I have present with me James Curran, Director of our Office of Program Development and Coordination and Edward Koch, assistant director, Office of Manpower. They are available should you have questions about supporting detail. They also may have suggestions in addition to those I have made.

I thank you for this opportunity and encourage your support of a continuation of the CETA Programs.

Editorial Page

The Detroit News

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16-A — Tuesday, February 7, 1978

Congress should keep CETA alive

Some of the government programs that pour out of Washington in dizzying numbers actually work. One that has worked well is the Comprehensive Employment and Training Act of 1974.

CETA funds have become manna to hard-pressed cities and counties. More important, the funds have enabled thousands of people to be trained for the jobs they now hold.

CETA enabled Detroit's Mayor Young to rehire laid-off police officers and ambulance drivers. CETA pays for training courses for young men and women in Jackson County who want to become nurse's aides. And Sterling Heights will use CETA funds to hire an unemployed librarian.

This paean to CETA is prompted by reports that the program might lapse after Sept. 30 if not renewed by Congress. The sun should be allowed to set on some federal programs, but CETA is not one of them.

A story by reporter Michael Wozk of The News noted that CETA provided Michigan $354 million and full-time jobs for about 49,000 unemployed people in the last year.

Vincent Thomas of the Wayne County Office of Manpower said that under CETA's Title I program — designed for on-the-job-training and classroom work — 1,025 outcounty Wayne citizens got full-time jobs out of 1,868 enrolled in the program in the past fiscal year.

Leon Shearer, associate director of the Detroit manpower office, had no statistics available immediately but praised the effectiveness of the CETA program.

The particular advantage of CETA job-training, Shearer said, is that many of the people who get jobs under the program are "below the poverty line — uneducated and unskilled."

CETA is obviously too valuable a program for Congress to let die.

Senator RIEGLE. Let me excuse this panel now and let me call you back in about 15 minutes then. Mayor Young I think is here.

Let's pause. The stenographer needs a break.

[Pause.]

[After recess.]

Senator RIEGLE. I think we're close to ready to get started here.

Let me acknowledge, and just in passing, that Irma Henderson, president of the Detroit City Council was in the chamber a few minutes ago and we are delighted to have her present and expressing her interest in these hearings. She had to leave for a meeting and I wanted to acknowledge the fact that she was here.

At this time let me then proceed, as we had said before adjourning, and let me now call my friend, the mayor of Detroit, Coleman Young to the witness table. Let me say, if you are going to be able to solve the problems of the city yourselves, go right ahead.

Mayor MCNAMARA. Don, we are creating a new one.

Senator RIEGLE. In any event, I am delighted that you are here as I am. Mayor McNamara is here too, whom we will be hearing from a little bit later, but let me invite you to the witness stand. We are very much pleased to have you here and we are very much interested in your observations and thoughts about CETA. As you know, we are about to go through the reauthorization process and looking back over 4 years of experience, there have been some suggestions and some suggested changes by the President and others about the targeting and formulas and so forth, and I am very interested in your thoughts about the program and any suggestions and modifications and ideas that you want to put forward to have us consider.

STATEMENT OF COLEMAN A. YOUNG, MAYOR, CITY OF DETROIT, MICH.

Mayor YOUNG. Well, thank you, Senator. First of all, I might say, I believe that the CETA program is an essential part of the ongoing budget of the city of Detroit and most other cities. And to talk at this late date about enumerating public service employment provisions within CETA, would have the effect of drastically cutting back service in cities and, therefore, drastically penalizing the residents of cities across the Nation at a time when many, many cities are just in the process of balancing their budgets and beginning again to provide a better, if not full service to citizens.

I am sure that you are aware that there is a crisis and a national crisis in our urban communities. Certainly that crisis still exists in Detroit and I am sure you will hear from other mayors in other cities in other States who will confirm the fact that—in the case of the city of Detroit, for instance, some 10 percent of our city employees are paid for with CETA funds. Obviously with the limitations on CETA funds presently, $10,000, $12,000, that's not enough money, for instance, to pay a policeman, but it pays about half the salary. For a city such as ours, which has had its problem with crime and now happily we feel we have a grip on crime, one of the reasons that we have been able—I think there's some 500 police officers now on the force who are partially paid with CETA funds, and to lose those funds would be to drastically reduce then the size of our police force.

The same could be said of other essential services, such as recreation, sanitation and across the board, and rather than reducing then the amout of moneys available for public service employment, in terms of reducing $12,000 that's been proposed in some cases to $8,000 and prohibiting supplementation, I think we should be raising the ceiling perhaps to $12,500 and be very cautious of the fact, as a matter of practice, be encouraged by the CETA legislation and approved by the Federal officials in manpower, most cities now have CETA funds as an essential part of their budget, to pull the rug from us now, in my opinion, would be a grave disservice, and would amount to the Federal Government having encouraged cities to supplement their work forces and now changing the rules.

Senator RIEGLE. Let me, if I may. Let's just talk about that point just for a second.

I don't want to interrupt at length your full presentation, but on that one point, we had the hearings yesterday in Grand Rapids too, and this issue of the degree to which CETA slots end up becoming sort of a permanent part of answering public services and public service jobs, especially in cities and especially, say, here in Detroit and to a certain extent in my own home town in Flint, that in effect it becomes a little like revenue sharing. It's a different form of revenue sharing, but it basically has the same effect.

One of the concerns that some people have is, that the original concept of CETA started out to be something that was going to provide training and job opportunities for the hard-core structurally unemployed, that what happens is, we start drifting away from that, and we end up getting people who are much easier to get into the employment ranks and when we use those CETA slots in the public service job area that way, that what happens is we're really leaving behind the very hard-core structurally unemployed person who's very hard to get into the work force anyway, and that if we tip the program that way, are we in effect, you know, reconciling the people who are most left out into a posture where they are going to continue to remain left out? I am just wondering what your thoughts are on that or if you see a way to reconcile those two series?

Mayor YOUNG. First of all, I don't think your committee, you should be under the impression that most or all of the CETA money goes for public service employment. In Detroit it's less than half. Some, I believe, 4,100 Detroit citizens, whose families were receiving income below the poverty level received training under CETA, and approximately 3,100 were placed in nonsubsidized employment. So there has been that aspect, but I think we ought to be very, very honest. CETA, Comprehensive Employment and Training Act, that's the name of the act, I think that CETA was established on a false premise, and that premise still exists. The premise being that we have so many people unemployed, not because there aren't enough jobs to go around. There are still jobs, that's the way the story goes. We can only train all the unemployed to have skills to wipe out unemployment. I think we all know there's a total number of jobs available. Skilled and unskilled falls far short of the total number of people wanting employment.

Now, to the degree that we have true contrast with the private organizations offered persons training within the CETA programs, there are no jobs in most cases. I think we should be honest about that.

What CETA has done in a time of economic crisis, and we are still in an economic crisis, has offered Government jobs as jobs of the last resort for a fraction of the unemployed.

Now, I think we should move with CETA, and there are efforts being made by the Congress and by the present administration to have a relationship with private employers who can hire CETA people. This in some cases might require supplementation by that private employer.

Senator RIEGLE. Sure.

Mayor YOUNG. At the end of the training period offer a job. But here again, I think we have to realize this is only possible in terms of full employment.

In Michigan, for instance, it would be impossible for an automobile company to take on CETA workers and train them, while automobile workers with union contracts are laid off. So this type of trade then could only occur when all workers are on the job and when there are additional jobs opened a year down the line. And so CETA, as it was conceived, was to deal with the so-called structural unemployed during a period of high employment; that's not the period we're in.

Senator RIEGLE. Well, I think it's important that what you just said is important to be part of the record for some people to think about it. Plus the problems in a Michigan or in a Detroit are profoundly different than they are in a Texas or Houston.

Mayor YOUNG. That's right.

Senator RIEGLE. Because their unemployment rate for all practical purposes is nonexistent, so what CETA means for them is a totally different ball game.

Mayor YOUNG. That's right.

Senator RIEGLE. One of the things we have been finding by witnesses in our hearings is that what tends to happen oftentimes in the use of CETA funds is there is a creaming process because there's so many people waiting, as you say, to go to work, and a lot of them with skills, that there is a tendency to take those folks first because they are the ones that can presumably be most immediately productive and also the easiest to move on after a training period.

Mayor YOUNG. Take for instance the city of Detroit and most cities. We were faced with layoffs 2 years ago. We had a tremendous deficit budget, as you know. At that time we laid off city workers. Now we had CETA money. Even if we did not have labor contracts, it would have been wrong and immoral and would have certainly solved no problem to have had, well, say 5,000 city employees unemployed and then you bring in 5,000 CETA workers. All you are doing is changing chairs. You are not reducing the number of unemployed and, of course, this violates the whole concept of seniority and a person's right to their job.

So what we have done then is added CETA employees to present employees rather than hiring new employees. We hired persons who qualified as CETA employees. Now, to that degree, we have been addressing those who are unemployed.

Senator RIEGLE. You know, one of the things we were discussing earlier when Congressman Conyers was here and also yesterday, is that Humphrey-Hawkins bill become a key part of this package, because if we don't have Humphrey-Hawkins as a much larger umbrella

under which CETA sits, then this problem that you are pinpointing exactly, that's a Michigan and Detroit problem, can never be solved by CETA alone, because we'll never get ahead of the game. We'll never get deep enough into the ranks of the number of people that need work and need training to ever begin to make really net progress on the problem.

Mayor YOUNG. I have chosen not to read this brief statement, but what you've just said happens to be in the conclusion paragraph, that obviously a comprehensive Federal program for full employment is necessary to address the so-called structural unemployment situation that exists across our Nation. CETA will help, but no one should be under the delusion that CETA is the basic answer.

It would be disastrous for us to withdraw CETA at this time and have absolutely no answer, and then to meet the problem, not only of providing city services, but for addressing ourselves to a large number, if not a majority of those who are unemployed. The CETA youth programs have been very important to this city. I think of the fact we have been able to offer CETA jobs to young people and to others, it's one of the reasons, for instance, we have been able to reduce crime in the city. I would hate to think what this city would be like without CETA youth employment programs that provide at least some hope for some of the most impoverished of our young people who have nothing to do during the summertime and no income whatsoever.

CETA is very important. It's a sort of holding operation. It's not the basic answer, but it's part of the answer.

Senator RIEGLE. I appreciate your coming today and your testimony, and we've got time pressures.

Let me just make one point, because there's one area where I think you can be of particular help right now, and that is in terms of looking at the legislative agenda in Washington, we've got a lot of things that are piled up at once. We've got the Panama Canal that's going to be around several weeks, if not months. Now, we've got the coal strike and now we've got the Middle East problem occupying the President's time and attention and so forth. And Humphrey-Hawkins is sitting there along with the CETA authorization, and, I am convinced in my own mind, if we don't get Humphrey-Hawkins this legislative year, that we're going to be in a brand new situation next week.

Mayor YOUNG. I agree with you.

Senator RIEGLE. And I think it's essential that those that the President has respect for, in terms of advice and counsel, communicate to him, as I am doing and I am asking everybody to do, that Humphrey-Hawkins is really the key item for us in terms of getting the country on the road of constructing a national plan for employment, where our CETA program can then really have the kind of overall effectiveness in the context of this overall commitment, is the only way in the end you and I and others are going to be able to succeed, I think, in settings like we find here.

Mayor YOUNG. I agree. There are a number of immediate steps which we would ask the President and the Congress to take, such as reenactment of countercyclical, the establishment, as you know, of an urban investment bank, of course addressing ourselves much more specifically to the need for housing and the rebuilding of our inner city, and helping us as we attempt to involve a private industry incor-

porating with the unions and public sector in finding more jobs. But after that is said and we are working with the President and the Congress—when I say "we" I mean the mayors, to accomplish these immediate objectives in terms of urban policy, there's no doubt in my mind that Humphrey-Hawkins is the basic overall answer which would have an immediate economic stimulus package which addresses itself to a critical situation on the one hand, and that is needed. CETA is part of that, and on the other hand, a long-term solution and a commitment by the Federal Government to the reduction and elimination of unemployment in this Nation. I am fully in support of that position.

Senator RIEGLE. Well, I appreciate your coming very much. I am going to make your full statement a part of the record and I appreciate your testimony and it's going to be very helpful to the committee.

Mayor YOUNG. Thank you very much, Senator.

Senator RIEGLE. Thank you for coming.

[The prepared statement of Mayor Young follows:]

City of Detroit Executive Office — *Coleman A. Young, Mayor*

STATEMENT OF COLEMAN A. YOUNG
MAYOR, CITY OF DETROIT

BEFORE THE SENATE
HUMAN RESOURCES SUBCOMMITTEE ON
EMPLOYMENT, POVERTY, AND
MIGRATORY LABOR
FEBRUARY 17, 1978

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to appear before you today to discuss the re-enactment of CETA during the spring of 1978, and more importantly, the devastating effect that it would have on the economy of the City of Detroit should it be terminated on September 30, 1978.

As you know, CETA has contributed greatly to the revitalization of our City, not only with the hiring of public service employees to maintain our City services, but also to provide jobs to tens of thousands of our youth, skill training and employment placement assistance in the private sector to large numbers of unemployed or low income adults. During the fiscal year ending September 30, 1977, for example, 4,815 Detroit citizens whose families were receiving income below the poverty level received training under CETA and approximately 3,100 were placed in non-subsidized employment. An additional 4,200 were placed in public service employment positions in our City departments and in our non-profit community agencies.

And yet, Detroit because of the distance we have had to travel, is still in need of such assistance to many of our citizens -- especially our youth.

So now is not the time to pull the rug from under our efforts -- and close out the CETA program. I feel that CETA is working in Detroit and that a more enriched program should be enacted.

My staff is working on a more definitive statement to be submitted to this Committee at a later time. However, I would like to leave you with a few of my recommendations to be included in the re-enactment of CETA. They are as follows:

1. The CETA guidelines are too complex and fragmented to work effectively. The public service employment program, particularly, suffers from restrictions that make it difficult for the large cities that have the most need to benefit from it -- sometimes with near tragic results. The Cobo Hall incident, for example, occurred in our City during the time that we were observing the CETA rule that required a 30-day period of unemployment. Because of the City's financial condition at the time we had been required to lay off 600 policemen, and wait 30 days before we could recall them! However, CETA regulations forced us to lay off 100 officers and recall only 224 after 30 days. You know what happened! Now I know that some rules are necessary but my recommendation is that they be made simple and flexible enough to serve their intended purposes.

2. Do not tamper with the Public Service Employment Program and its legitimate use in the hiring and retention of unemployed municipal

employees. Detroit, especially, is unique in that even though it has started back on the road to recovery, it still has a way to go. City services are still needed by our citizens, more so in some disadvantaged areas, than in others. It makes no sense to me for the federal government to cut out public service employment funds, thereby causing the immediate layoff of approximately 2,400 employees, and depriving thousands of our citizens of needed services. We have no other revenues to replace such a loss and I hear of no adequately funded substitute to replace it.

Instead, I would suggest a few other recommendations that would make the Public Service Program even more effective in meeting the needs of our City.

a. Revise upward the limitation of $10,000 on the annual salary or wage level of a public service employment position. Because of prevailing wage rates and other factors, consideration should be given to a CETA-funded maximum for a public service slot of at least $12,500 per year.

b. Increase the overall funding level or change the fund distribution formulas in order to give greater weight to areas of high unemployment and poverty, such as Detroit.

c. Eliminate the maximum duration of one year for CETA Title VI projects and allocate funds for a period of two to five years in

areas of high sustained unemployment, where recovery is not indicated without the input of extended federal funds.

d. Increase the percentage of public service employment funds available for training, supplies, equipment, materials, and supervisory costs so that the participants can be better trained and prepared for the labor market.

3. Provide sufficient funding, other resources, and administrative flexibility to enable our employment and training programs to prepare our low income or unemployed citizens to become trained and better prepared for today's labor market. Several specific occupations with high skill levels are in short supply in Detroit. Furthermore, there are neither enough skilled or unskilled jobs to go around. Our youth, therefore, in order to prepare for the future, must be better educated and trained. A comprehensive federal program for full employment must be instituted in order to mitigate structural employment. The CETA program, so far, has made a good start in [illegible] at this late date.

Senator RIEGLE. Bess, let me call you back and why don't I at the same time just in the interest of time invite Ed McNamara and Phil Mastin to come up and join you at the witness table.

Ms. Jordan, we are very pleased to have you here and we want to hear about your observations and experience in Calhoun County, so why don't you give us a summary of your comments.

STATEMENT OF BESS JORDAN, CHAIRPERSON, CALHOUN COUNTY, ACCOMPANIED BY JOHN MARTINOFF, CETA DIRECTOR FOR CALHOUN COUNTY; ED McNAMARA, MAYOR, LIVONIA, ACCOMPANIED BY JIM ANDRUS, CETA DIRECTOR FOR LIVONIA; AND PHIL MASTIN, PROGRAM AGENT, PONTIAC, ACCOMPANIED BY JIM PRUITT, DIRECTOR, PONTIAC PERSONNEL DIVISION, A PANEL

Ms. JORDAN. Thank you, Senator Riegle. I'd like to take the opportunity to introduce our CETA Director, John Martinoff.

Senator RIEGLE. We are delighted to have you here.

Ms. JORDAN. He's here, of course, to give me additional input if I need it.

I'd like to thank you for inviting us here, and I believe that the other two chairpersons of the county have more or less stated some of our concerns. But I particularly would like to talk to you about Calhoun County, how the CETA program has assisted us.

I view Calhoun County as a rural county. We have an 8-percent unemployment rate. We operate in the county on a fixed mileage. Until this year, 1977, the past year, we have not had a balance budget since 1972. We in fact in Calhoun County have a very high divorce rate. It's my understanding that we are either third or fourth in the Nation. So, therefore, we are forced to address women, heads of households and we have geared our program to that.

I would like to tell you that the CETA program in Calhoun County has placed into unsubsidized employment nearly 9,000 unemployed citizens of Calhoun County.

Senator RIEGLE. That's a tremendous record.

Ms. JORDAN. We do not have patronage, favoritism existing in our programs. In fact we have a very, very strict program there. Mr. Martinoff sees to that, because the county board of commissioners demands that.

I would like to tell you that we are very pleased and proud of our CETA program. We feel that we have a model program and we kind of flaunt that around the State of Michigan.

I have put in the synopsis of the testimony, Senator Riegle, examples of our percentages. I'll start out with heads of households, which I've stated that is very heavy as far as women are concerned, 114 percent. Our welfare recipients, minorities, 198 percent. Welfare recipients 288 percent, ex-offenders, 518 percent of the program, and the female heads of households, 100 percent.

I believe, Senator Riegle, and I hope that you will address this, that the administration belongs on the local level. I definitely feel that Calhoun County elected officials are able to deal with our problems in Calhoun County, and to seek out what those problems are, be they minorities, female heads of households, where I think we have a unique

situation, that we as local elected officials are able to deal with that, rather than the State or the Federal government or even the regions. So I would stress here, this morning, that I would like you to keep in mind that I feel that the local elected officials should in fact still remain the prime sponsors at the county level.

Of course, we are always faced with, is there waste, is it a tax ripoff. We feel, in our county, that it is not. And we feel, as the mayor and others have stressed, that CETA must continue.

We have approximately—and in breaking it down—$20 million has been spent in wages, stipends, and services in the county. And, of course, here, when you talk to the economists, they tell you that you have to conservatively multiply that by four, so you're talking about $80 million—in fringe benefits to all the citizens and the economy of the county—i.e.—rent, clothing, food, tax, etc.

We look at our CETA workers and the CETA benefits, the fringe packages of $10,000, and if you analyze that, Senator Riegle, and you recognize that these employed people are paying approximately $2,500 in taxes, be it Federal, State, sales tax or whatever, and that that person, if on welfare, and or unemployment benefits would in fact be receiving $5,500, we estimate that our CETA people are costing approximately $2,000. We have attorneys. We have teachers. We have security officers, firemen, services to seniors, foster care, ground maintenance, and on and on employed under the CETA program within our county. And as I stated, we certainly want to see it continue. We want it expanded and we feel that we are reducing unemployment.

I would like to mention a few areas that are of concern to us. One, I think that we need to take a longer funding period. We need to take a look at that, 2 to 3 years. This will give us more fiscal responsibility, cheaper administration, and better planning in my opinion.

I further feel that we should stop playing musical chairs with our Federal representatives. And I have stated here what I feel their duties are. But we have had 5 Federal representatives in 4 years, and I think that that's a little too many. I believe, as the mayor has stated here, that 10 percent of the moneys in II and III should be raised to a $12,000 maximum for wages.

I noted with interest your comments in your opening remarks, that people that have college degrees are looking for work. I would like to state to you that we have people with Ph. D's in Calhoun County working for $10,000 and happy to get the job. And I would like to see that raised to $12,000, and we have gone so far as to say, with 10 percent of the moneys that our county would receive, that we could have that flexibility and, of course, eliminating the use of the different eligibility criteria for the CETA participants and we feel that that would certainly save staff time.

I would like to further tell you, Senator Riegle, that in the last week in Calhoun County, we've lost 250 jobs. We have had a moving of St. Regis Paper Co. which employed 175 people, and the American Fire Apparatus, which employed approximately 80, so I think with that, that that is the best testimony that I could give you as far as the continuation of CETA's being needed in our county. Thank you, sir.

Senator RIEGLE. Well, let me say, we're delighted that you are here and I am very proud of the CETA program in Calhoun County, and for those of us who voted for CETA and supported it and defended it

and, it has not always worked perfectly and the success stories really need to be put into the front window so it is clear what can be done, I think, generally speaking, we have a very good program success across the State and we're verifying that as we go through these hearings.

But I think in your particular situation, which is quite different than it would be, say, in a major city like Detroit and another setting, that your point about flexibility is well taken. You've found a way of doing this that fits your circumstances, that generates results. The fact that you've moved 9,000 people through your program in the period of time that you have been underway, I think is really a remarkable achievement and it really bares out the fact that at least once in awhile, when we put a Federal program into effect, it's designed to help, that if it works right, it can have an enormous kind of benefit.

I understand, too, and you correct me if I am wrong, Mr. Martinoff, that in terms of some of the proposed changes in the regulations that you have had a chance to consider, that you generally feel that you can live with those, that those would not work a particular hardship on your program. Is that a fair statement?

Mr. MARTINOFF. Absolutely, Senator, no question about it. We know some of the background, some of the needs for these regulations. We need the guidelines. I have no—I really have no problem other than, if I may, in the background there's a push someplace, or we get the feeling that the State wants a little more control over the local prime sponsorships, and, again, they do address the States. But we feel we, and only we, can address the citizens of Calhoun County to the greatest extent that takes the greatest advantage of the dollars.

We know there is some push from the Federal level even, and we abhor that thought for only one reason. We think that we are getting back into the old categorical program type of operations, that, granted, many needed at the time, but we've become more sophisticated. We recognize our problems better and we have to deal with them on a long-range basis.

Senator RIEGLE. Well, I think you are making a very good point, and I appreciate the efforts that you have been making, and your testimony is important to us.

I am going to make your entire statement a part of the record and you've got some excellent comments in here.

Let me thank you both for coming today. We may be back to you to ask for your response on some other questions as they arise, as we go down through the process. Thank you. Let me excuse you.

Ms. JORDAN. Thank you.

Mr. MARTINOFF. Thank you.

[The prepared statement of Ms. Jordan follows:]

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CALHOUN COUNTY'S TESTIMONY

CETA OVERSIGHT HEARINGS

DETROIT, MICHIGAN
FEBRUARY 17, 1978

AS PRESENTED BY:

CHAIRPERSON BESS JORDAN
CALHOUN COUNTY BOARD OF COMMISSIONERS

JOHN M. MARTINOFF, EXECUTIVE DIRECTOR
CALHOUN COUNTY EMPLOYMENT AND
TRAINING ADMINISTRATION

CALHOUN COUNTY SYNOPSIS OF TESTIMONY

CETA HAS CREATED, MAINTAINED, AND PLACED INTO UNSUBSIDIZED EMPLOYMENT NEARLY 9,000 UNEMPLOYED CITIZENS OF CALHOUN COUNTY.

WE DO NOT HAVE PATRONAGE, NEPOTISM, OR FAVORITISM EXISTING IN OUR PROGRAMS. WE DO NOT HAVE ANY "MAKE WORK" JOBS IN EITHER PSE OR TRAINING PROGRAMS.

ABOVE ALL, IN CALHOUN COUNTY THERE IS NO CARICATURE CARTOON DEPICTING THE 1930'S OF MEN LEANING ON SHOVELS. WE DO NOT HAVE ANY CETA HORROR STORIES.

WE HAVE ADDRESSED THE CETA ACT, ITS NEEDS AND REQUIREMENTS. ALL OF OUR PLANS ARE AT 100% OR BETTER ON OUR GRANTS.

WE HAVE OVER 2,000 OF OUR CITIZENS PLACED INTO UNSUBSIDIZED EMPLOYMENT IN PRIVATE ENTERPRISE. APPROXIMATELY 2,000 ADDITIONAL JOBS IN ALL PHASES OF GOVERNMENT AND NON-PROFIT ORGANIZATIONS HAVE BEEN CREATED. CETA HAS EXPANDED THE SERVICES TO CALHOUN COUNTY CITIZENS IN ALL WALKS OF LIFE AT ALL AGES.

EXAMPLE: GRANTS - YEAR-TO-DATE - UNEMPLOYED

HEADS OF HOUSEHOLD	114% OF PLAN
VIETNAM VETS	217% OF PLAN
VETERANS	149% OF PLAN
LONG TERM UNEMPLOYED	273% OF PLAN
MINORITIES	190% OF PLAN
WELFARE RECIPIENTS	288% OF PLAN
EX-OFFENDERS	518% OF PLAN
YOUTH (18-21)	153% OF PLAN

Handicapped	65% of Plan
Female Heads of Household	100% of Plan

CETA administration belongs on the local level. We abhor the thought of regionalization and/or more State or Federal control. Our unit of government is more accountable to our citizens.

The question of "tax dollar waste" is always brought up. Is CETA a tax rip-off? NO, IT IS NOT. In Calhoun County the 20 million dollars that has been spent in wages, stipends and services has remained in the County. The most conservative of Economists tell us that you have to multiply this dollar figure by four to get the proper impact on the community and its economy. THIS MEANS THAT 80 MILLION DOLLARS HAS BEEN ADDED TO THE ECONOMY OF CALHOUN COUNTY BY CETA FOR ITS CITIZENS AND BUSINESSES.

A CETA participant is an asset to the County. He or she performs a needed service. They pay taxes. They are not on welfare or drawing unemployment benefits.

Annual Average CETA Wage and Fringe Benefits - $10,000

- 2,500 Taxes Paid
- 5,500 Savings in Welfare or Unemployment Benefits
+ 2,000 unrecycled monies

for Attorneys, Teachers, Security Officers, Firemen, Health Initiative, Services to Seniors, Foster Care, Grounds Maintenance, Home Winterization... The list is endless. All of these services, without CETA, would be curtailed or at the least cut back drastically.

WE WANT CETA CONTINUED. WE WANT IT EXPANDED. WE ARE REDUCING UNEMPLOYMENT.

OUR TESTIMONY IS ATTACHED IN GREATER DETAIL. HOWEVER, WE WOULD LIKE TO BRING TO THE FOREFRONT SOME IMMEDIATE CONCERNS THAT WE HAVE.

1) LONGER FUNDING PERIOD. (2-3 YEARS - MORE FISCAL RESPONSIBILITY. CHEAPER ADMINISTRATION AND BETTER PLANNING WOULD RESULT.)
2) STOP PLAYING MUSICAL CHAIRS WITH OUR FEDERAL REPRESENTATIVES. (THESE PEOPLE ARE MADE AVAILABLE TO US TO GIVE US TECHNICAL ASSISTANCE. WE SPEND 3-5 MONTHS PROGRAMMATICALLY TO UPDATE THEM ON OUR INDIVIDUAL PROCESSES AND SYSTEMS. THEY ARE THERE FOR TECHNICAL ASSISTANCE AND ARE MOVED BEFORE THEY ARE OF ANY MEANINGFUL VALUE, OTHER THAN A MESSENGER SERVICE TO OUR PRIME SPONSORSHIP FROM THE REGIONAL OFFICE. WE HAVE HAD 5 FEDERAL REPRESENTATIVES IN 4 YEARS.)
3) ELIMINATE THE USE OF DIFFERENT ELIGIBILITY CRITERIA FOR CETA PARTICIPANTS IN EACH TITLE.
4) CONSOLIDATE THE PSE PROGRAMS INTO ONE TITLE. (ESTABLISH A $12,000 MAXIMUM PER PARTICIPANT FOR 10% OF THE MONIES.)

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE SENATOR AND HIS STAFF FOR THIS OPPORTUNITY TO PRESENT CETA IN CALHOUN COUNTY, ITS CONCERNS, AND ITS SUCCESSES. WE APPRECIATE THE HELP THAT CONGRESS HAS GIVEN OUR CITIZENS. WE CANNOT TELL YOU HOW CRITICAL IT IS THAT THIS BE CONTINUED IN CALHOUN COUNTY.

CALHOUN COUNTY OVERSIGHT TESTIMONY

The CETA Program in Calhoun County has grown from a one hundred ninety thousand dollar program in 1974 to a r[illegible] million dollar program in 1978, expending a total of twenty million dollars by the end of Fiscal Year 1978.

A total of 8,713 persons have been served in Calhoun County through all CETA Programs from 1974 through the first quarter of FY'78.

There are 8 different CETA Programs operating at the present in Calhoun County. They are Title I, II, VI PSE, Title VI Projects, Title I Training, Title III YETP, YCCIP and Summer Youth. In 1974 there were two CETA Programs in operation - Title II PSE and Title III Summer Youth.

Total obligations amounted to $190,000 for 1974. A total of 562 persons were served.

In 1975, Calhoun County operated the Title II PSE Program and initiated the Title VI PSE Program and by May, 1975, began implementation of the Title I Training Program and Summer Youth. The total amount of funding in 1975 was $1,441,000. The total number of persons served in 1975 was 2,464.

In 1976, Calhoun County was in full operation, with a Title II and Title VI PSE Program, a Title I Training Program, and Summer Youth. The total amount of funds expended was $4,010,000. The total number of persons served was 2,578. This included the transitional quarter (15 month period).

In 1977, Calhoun County kept on growing with Title II, Title VI, Title I, and Title III Summer Youth still in operation, serving a total of 2,432 persons. The total number of obligated funds for FY'77 was $5,428,000.

At the present time, Calhoun County has approximately nine million dollars to operate the FY'78 Programs. This includes the new Youth Programs of YCCIP and YETP.

The operation of the CETA Program in Calhoun County follows:

Title I Training Program

Since 1975, the Title I Training Program has grown and matured in Calhoun County. Calhoun County sub-contracts the Title I Program to the local community based organizations of the Calhoun Community Action Agency, the Battle Creek Area Urban League, Kellogg Community College, Argubright Business College, Western Michigan University, and the Calhoun County Parks and Recreation Department. The Community Action Agency and Urban League do Outreach, Intake and Placement. The educational facilities are responsible for Vocational Training. Western Michigan University and the County Parks and Recreation take an active role in the Work Experience component.

Calhoun County has 10 main target groups for the Title I Program, which include the following groups, along with their percentage of representation among the total persons served over the past three years:

TARGET GROUPS	% OF TOTAL PERSONS SERVED IN PROGRAM
Youth (18-21)	40%
Minorities	40%
Veterans	25%

Vietnam Vets	10%
Welfare Recipients	38%
Handicapped	8%
Long-Term Unemployed	65%
Heads of Household	88%
Female Heads of Household	44%
Ex-Offenders	19%
Older Workers	14%
Economically Disadvantaged	44%

Between 54% and 60% entered employment of those persons who terminated in the Title I Program.

Between 8% and 10% of those terminated have received other positive terminations for a 60-75% positive termination rate over the past 3 years.

The primary goal of the Title I Program is to increase the employability of all target groups through Work Experience, On-the-Job Training and Classroom Training, to enable them to become economically self-sufficient. A Basic Education Class is used as a preparation for entry into Classroom Training, as well as preparation to obtain a GED if no high school diploma has been received.

The FY'78 Title I Program stresses the importance of OJT as a means for viable training and employment. This year 29% of the total funds and 32% of the planned participants will be in the OJT component. Calhoun County intends to increase OJT participation each year of operation. On-the-Job Training is one of the easiest components to sell in the community and it also has a greater effect, as far as employable skills learned and increasing the economy of the community, as well as increasing the economic stability of the individual.

Classroom Training in Calhoun County represents 30% of the funds in FY'78.

Approximately 30% of the participants will be involved in Classroom Training. Calhoun County has a policy of letting participants enroll in one main activity of either OJT, Work Experience, or Classroom Training. This way, we are able to serve more individuals. Those who enroll in Classroom Training are allowed to rema'n in Title I for a full year of training and then we find other means of support, through BEOG or other financial aide, to continue their training, if it exceeds the one year, in order for them to obtain their certification. Those who complete their one year certificate programs are placed in unsubsidized employment.

The Work Experience Component is used to help those individuals who have been out of the labor market for a long period of time "brush-up" on their skills for re-entry into the labor force. Calhoun County has two unique Work Experience projects operating at the present time.

One program is training 10 individuals for a 6 month period on heavy-duty equipment such as a crane or bulldozer in an extensive one year project to improve and expand a County park facility through the County Parks and Recreation Department. The participants learn landscaping and operation of heavy-duty equipment as well as preparation for entry into apprenticeship training programs. The other County Work Experience project, which is operated by WMU, includes surveying 1,500 County residents, asking for their recommendations on improving types of services to the public in Calhoun County. The results of this survey will be available in April of this year. The completion of the Parks project will be in May of this year.

Coordination with Employment Service

Placement in the Title I Program is done with the help of the local Employment Service office. A list of job openings is available on a periodic basis to Title I Placement Staff. In this way, the Employment Service is of great assistance. The Veterans' Representative at the Employment Service office is also another source of coordination in the Intake and Placement process.

Types of jobs in which training has been provided through either Vocational or On-the-Job Training include: Accountants, Stenographers, Typists and Secretaries, Other Clerical, Construction Craft Workers, Metal Craft Workers, Mechanics, Machinists, Repairers, Installers, Semi-Skilled Metal-Working Operatives, Welders, Other Operatives, and Truck Drivers.

Title II and VI PSE

From 1975 to the first quarter of 1978 we have served 1,677 participants in Title VI, of which 727 are project participants. Title II participants include 1,144 persons since 1974 through the first quarter of FY'78.

The purpose of the PSE program in Calhoun County is to provide the target groups with a means of re-entry into the labor market by establishing a stable work record and providing valuable training for employment in unsubsidized jobs. The types of jobs which have been provided are in the areas of: Secretarial, Clerical, Housing, Substance Abuse, Education (Teachers, Custodians, Groundsmen), Government, Day Care Helpers and Coordinators, Zookeepers, Law Enforcement, Health, Humane Society, Mental Health, Medical Care Facility, Legal Aid, Social Services,

Vocational Rehabilitation, and Fire Protection. Calhoun County Government represents only 20% of all positions in PSE and projects.

Without PSE, all of the agencies with which we provide funding would need to cut back their services drastically to the citizens of Calhoun County.

Some of the areas where Title VI projects have been funded include projects which were necessary requirements to be completed to meet federal, state or local guidelines or improvement of the community and the manpower was not available. These areas include: Winterization of Homes, School Ground Development, Environmental Control, River Management, Airport Transportation, Crime Prevention, Health Initiative for Older Citizens, Foster Care, Tax-Roll Completion Project, Library-Community Archival Development.

Target Group representation for Title II includes the following groups:

TARGET GROUP	% OF TOTAL PERSONS REPRESENTED IN THE PROGRAM
Heads of Household	80%
Female Heads of Household	20%
Veterans	35%
Welfare Recipients	20%
Minorities	25%
Long-Term Unemployed	48%
Former Trainees	5%
Older Workers	18%

Participants carried over from one year to the next average about 50%. The number which enter employment each year from Title II averages 25% of those who terminate. Approximately 80% of those who complete Title II PSE terminate positively.

Target Group representation for Title VI includes the following groups:

TARGET GROUP	% OF TOTAL PERSONS REPRESENTED IN THE PROGRAM
Heads of Household	85%
Female Heads of Household	22%
Veterans	33%
Special Veterans	5%
Long-Term Unemployed	43%
Welfare Recipients	36%
Handicapped	8%
Minorities	27%
Former Trainees	26%
Older Workers	13%

Participants carried over from one year to the next average about 50%. The number which enter employment each year from Title VI averages 25% of those who terminate. Approximately 50% of those who complete Title VI PSE terminate positively.

Title III, Summer, YETP and YCCIP

The Summer Youth Program has been one of the most successful CETA Programs in Calhoun County. Each year between 550 and 600 economically disadvantaged youth are served.

The percent of youth served each year in the following target groups are:

TARGET GROUP	% OF TOTAL PERSONS SERVED
Age	
14 to 15 years old	20%
16 to 17 years old	48%
18 years old	14%
19 to 21 years old	18%
Education	
8 and under	10%
9 to 11	66%
High School Equivalent	21%
Post High School	3%

Public Assistance	
AFDC	65%
Public Assistance - Other	20%
Economically Disadvantaged	100%
Ethnic Group	
White	41%
Black	57%
American Indian	1%
Other	.2%
Handicapped	1%
Full-Time Students	79%
Ex-Offenders	5%
Unemployed	100%
Entering Employment	3%
Positive Terminations	75%

The YETP and YCCIP Programs in Calhoun County began operating in January of 1978. The services provided in the YETP Program include Work Experience, On-the-Job Training and Skills Training with a special component for Career Development/Exploration. This program is aimed at 16-21 year olds. The In-School Program will serve approximately 167 participants. The Out-of-School Program will serve approximately 84 persons.

A special component of the YETP, known as the Knowledge Development component, allows for assessment of the affects of the YETP Program on the youth.

The Target Groups to be served include:

TARGET GROUP	% OF TOTAL PERSONS SERVED IN PROGRAM
Heads of Household	14%
Minorities	31%

Economically Disadvantaged	50%
Drop-Outs	26%
Ex-Offenders	10%
Welfare Recipients	26%
Handicapped	8%
Females	51%
Veterans	3%

Those entering employment will be approximately 30%, while 82% will terminate positively.

The YCCIP Program will serve approximately 20 participants, of which 75% will terminate positively and 50% will enter employment.

The YCCIP Program provides Work Experience for community improvement projects. An intensive 2 week instructional training relating directly to the jobs of the project will be provided by two certified instructors.

The Target Groups include:

TARGET GROUP	% OF TOTAL PARTICIPANTS SERVED
Heads of Household	25%
Economically Disadvantaged	75%
Veterans	5%
Handicapped	5%
Drop-Outs	50%
Offenders	5%
Welfare Recipients	5%

ANALYSIS OF CALHOUN COUNTY CETA PROGRAM

Overall Employment Picture

The CETA Program has had an affect on the unemployed population; however, there are several who still need help. Approximately 4,694 individuals are registered with MESC in Calhoun County on an annual basis. We believe there are approximately 1,500 to 2,000 persons not registered with MESC and not receiving any type of public assistance. This additional number of persons would increase the 7.2% average unemployment rate to 8.2% in Calhoun County.

Within the last two weeks there have been 3 employers in Calhoun County who announced closing of their facilities. St. Regis Paper Company of Marshall announced it was closing on February 17, 1978, which means 175 jobs lost in Marshall. The American Fire Apparatus Company in Battle Creek is moving out of state, eliminating 80 skilled worker jobs. The Marshall Label and Tag Company of Albion announced its closing, which eliminates 10 skilled printing jobs in Albion. The closings of these establishments only emphasize the need for CETA in Calhoun County.

The County Government is monitored very closely. All PSE positions are awarded based on their past record of absorption. If any employees are laid off, all CETA employees must be laid off first. The County is in the midst of achieving a balanced budget, and this means every department's budget is limited to keep existing staff. However, the services to the public continue to expand. This is why CETA is so vital in government agencies.

Types of Individuals Served

The Calhoun County CETA Program stresses the importance of serving the economically disadvantaged. Between 40-75% of all participants served are economically disadvantaged.

Heads of Household, Minorities, Women and Veterans are among the top priorities in Calhoun County.

Analysis of CETA Programs

CETA is a worthwhile program and has improved the public employment programs since their inception in 1935.

A. One of these improvements was the inception of local control. Local control has several advantages for smoother operations and delivery of services.

1. Local control provides for direct accountability. The County Commissioners are responsible for the handling of the Federal funds.
2. Local control provides for better assessment of community needs and appropriate distribution of funds according to those needs.
3. There is less bureaucracy in local control. If the State were to be involved in the total administration of the CETA Program in the State of Michigan, it would mean one more layer of bureaucracy. Administrative delays occur now, but another level of administration being involved would mean more delays and more varied interpretations of CETA Letters, Federal Rules and Regulations, and CETA Policy.

B. Federal Representatives

The concept of Federal Representatives from the Regional Office is a good idea to provide technical assistance to the Prime Sponsor.

1. All Federal Representatives should spend at least 6 months on the staff of a Prime Sponsor to experience problems of the delivery of services of the Prime Sponsor, which include administrative hassels which develop at the local level when the Regional Office makes demands in a short time frame.

2. Federal Representatives should be assigned for at least two years at a time to one Prime Sponsor. One year gives them the experience of assisting a particular Prime Sponsor and then the Prime Sponsor must retrain another Federal Representative, besides accomplishing the tasks required. (Calhoun County has had 5 Federal Representatives in 4 years.)

C. The Department of Education in the State of Michigan is a cumbersome organization to coordinate with CETA.

1. The Fiscal Year varies. The DOL Fiscal Year begins October 1st of each year, but the Department of Education post-secondary school system begins in late August or early September. This causes conflict in the use of the 5% monies. The Department of Education will not allow the expenditures to be accrued before the DOL Fiscal Year begins on October 1st of each year. This means that planning for Vocational Training must be done one year in advance before the labor market projections are known. A solution would be to allow payment of expenditures which accrued in August or September to be delayed until October.

2. Prime Sponsors have a problem with actually receiving the 5% monies from the Department of Education. Approval for spending

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the 5% monies does not occur until the second quarter of the Fiscal Year (January). The Department of Education claims it takes this long for approval from DOL; however, the Prime Sponsor cannot spend the money until approval has come from DOL. Therefore, students enrolled in September (which is the beginning semester for persons enrolled in one year certificate programs) must use the previous Fiscal Year's 5% monies for this semester when the actual time spent was in the new fiscal year.

D. Eligibility Criteria for CETA Programs

At the present time there is different eligibility criteria for every Title in the CETA Program. Our suggestion would be to make one set of eligibility criteria for all Title and one set of eligibility criteria for CETA Training Programs.

E. Service to the Hard-Core Unemployed

Calhoun County has the same problem as every other Prime Sponsor has in servicing the "hard-core" unemployed. We service at least 60% "hard-core"; however, they are potential drop-outs. Why?

1. Because government cannot change a person's attitude toward their whole life by giving them the opportunity of being a productive member in society.
2. Many other variables are involved, not just employment: peer pressure, family structure, moral values, to name a few. CETA is positive reinforcement with its counseling and training assistance, but when the participants enter the real world, the reinforcement of CETA is gone and 6 times out of 10 they slip back into their old patterns.

F. PSE

Public Service Employment would be administratively easier to operate if it were administered under one Title, resulting in cost savings that could be passed on to the creation of more jobs.

G. Title III, YETP and YCCIP

We believe that it was not necessary for Congress to pass another Act for the youth. Title I, in its structure, has the flexibility to handle all the components of the Youth Act, including the transition services of Career Exploration, Labor Market Information, Job Restructuring and eliminating sex stereo-typing. The age limit is even permissable under the present Title I regulations.

CHAKAN COUNCIL
EMPLOYMENT AND TRAINING ADMINISTRATION
SUMMARY OF TOTAL FEDERAL AND STATE FUNDS ADMINISTERED

I. CETA GRANTS

1.	Title I (9/30/74 - 9/30/78)	$ 4,522,762	
2.	Title II (8/01/74 - 9/30/78)	3,917,464	
3.	Title VI (1/06/75 - 9/30/78)	9,243,135	
4.	Title III (6/17/74 - 9/30/78)	1,908,579	
	TOTAL CETA GRANTS		$ 19,591,940

II. OTHER GRANTS ADMINISTERED BY CCETA

1.	Operational Planning Grant (2/01/74 - 12/31/74)	$ 15,000	
2.	Operation Mainstream (7/01/74 - 12/27/74)	49,280	
3.	Public Employment Program - Section 5 (9/02/71 - 6/30/75)	2,104,263	
4.	Public Employment Program - Section 6 (11/10/71 - 3/31/75)	811,100	
5.	Severely Disabled Veteran's Program (7/01/71 - 6/29/74)	34,586	
6.	Summer Recreation (1975 - 1977)	18,360	
7.	Work Opportunity Resource Corp	44,692	
	TOTAL OTHER GRANTS		3,077,281

III. TOTAL GRANTS ADMINISTERED BY CCETA $ 22,669,221

2/5/78

CALHOUN COUNTY
EMPLOYMENT AND TRAINING ADMINISTRATION
Complete Listing of CETA Grants by Sub Grantee

RCLED SUB-GRANTEES ARE NON-GOVERNMENTAL,
UNTY BASED, NOT-FOR-PROFIT ORGANIZATIONS

UB GRANTEE	CETA PSE TITLES I, II, VI	CETA Projects Title VI	CETA Training Program Title I	CETA Youth Title III	TOTAL
ir Force		7,528			7,528
ir National Guard		72,311			72,311
lbion Chamber of Commerce	35,651				35,651
lbion, City of	399,382	70,166			469,548
lbion Community Hospital	7,091				7,091
lbion Drop-In Center	9,816				9,816
lbion Historical Society	16,091				16,091
lbion Housing Commission	79,322				79,322
lbion Montessori Association	2,289	3,640			5,929
lbion Public Schools	212,368	52,580	-	46,774	311,722
rgubright Business College		-	98,788		98,788
thens Area Schools	8,595				8,595
thens Indian Reservation	18,094				18,094
thens Village	62,004				62,004
.C./Cal/Kal		10,680			10,680
attle Creek Chamber of Commerce	25,905				25,905
attle Creek, City of	469,068	365,588			834,656
attle Creek Civic Art Center		13,434			13,434
attle Creek Day Care Center	41,468	24,936			66,404
attle Creek Housing	177,364	37,886			215,250
attle Creek Public Schools	51,439	111,768			163,207
attle Creek Symphony	74,095				74,095
attle Creek Township	385,957	8,160			394,117
attle Creek Township Police		15,708			15,708
attle Creek Unlimited	90,223		-	-	90,223
attle Creek Urban League	231,804		942,538	115,649	1,289,991
edford Township	24,283		-	-	24,283
ig Brothers/Big Sisters	132,836	27,201			160,037
inder Park Zoological Soci	9,730	85,054			94,784
oy Scouts		7,591			7,591
ommunity Action Agency	642,340	545,8 3	1,892,873	841,217	3,922,263
alhoun County	3,086,961	385,403	271,245	76,212	3,919,821
alhoun Co. Agricultural & Ind.		2,759			2,759
alhoun Co. Association for Retarded		13,181			13,181

2/5/78

CALHOUN COUNTY
EMPLOYMENT AND TRAINING ADMINISTRATION
Complete Listing of CETA Grants by Sub Grantee

SUB GRANTEE	CETA PSE TITLES I, II, VI	CETA Projects Title VI	CETA Training Program Title I	CETA Youth Title III	TOTAL
Calhoun County Health Department	408,596				408,596
Calhoun Co. Intermediate Schools	44,125	6,256			50,381
Calhoun Co. Road Commission	44,629	30,440			75,069
Calhoun Co. Soil Conservation	25,343	7,300			32,643
Calhoun Vocational Center	7,282	14,463		145,053	166,798
Campfire Girls	11,549	20,800			32,349
Carl Terrace Housing	4,207	27,596			31,803
Department of Social Services		13,488			13,488
Department of Veterans Affairs		14,765			14,765
East Calhoun County Construction	1,583				1,583
Easter House		19,668			19,668
Emmett Township	131,497	78,689			210,186
Family & Children Services	71,352				71,352
Goodwill Industries	126,075	5,560			131,635
Help & Information Resource	4,294				4,294
Homer Community Schools	66,875	39,833			106,708
Harper Creek Public Schools	32,425	27,423			59,848
Homer Township	2,998				2,998
Homer Village	266,208	46,908		32,300	345,416
Humane Society	39,399	25,394			64,793
Huron Potowatami		22,168			22,168
JR. Achievement	10,226	8,784			19,010
KCC	50,803	80,905	233,052	133,827	498,587
Kimball Medical	95,753				95,753
Lakeview School	153,501	113,574			267,075
Legal Aids	148,748	2,227			150,975
Mar Lee School	144,972				144,972
Marshall	11,862				11,862
Marshall City of	112,158	24,800			136,958
Marshall Pre School	3,851				3,851
Marshall Public School	359,006	27,009			386,015
Mental Health	69,446	24,040			93,486
Metro Police Emergency		14,591			14,591
Ministerial Alliance				24,532	24,532

2/5/78

CALHOUN COUNTY
EMPLOYMENT AND TRAINING ADMINISTRATION
Complete Listing of CETA Grants by Sub Grantee

SUB GRANTEE	CETA PSE TITLES I, II, VI	CETA Projects Title VI	CETA Training Program Title I	CETA Youth Title III	TOTAL
Oak Meadows		15,717			15,717
Pegasus	48,590				48,590
Pennfield School		34,682			34,682
Pennfield Township	165,808	38,177			203,985
Red Cross	22,650	16,860			39,510
Services to Seniors	59,120	29,807			98,927
Sheridan Township	48,094				48,094
Springfield City	177,352				177,352
Springfield School	80,873	60,645			141.518
TB & Emphysema	18,495	17,064			35,559
Tekonsha Community School		5,873			5,873
Tekonsha St. Police		6,568			6,568
Visiting Nurse		11,152			11,152
Vocational Rehabilitation		11,919			11,919
Tri County	8,775				8,775
United Way	42,963				42,963
Volunteer Bureau	73,865	15,364			89,229
Washington Heights	36,562	29,795			66,357
Wasnington Heights		44		71,397	76,641
Western Michigan Universeity			107,400		107,400
Work and Training			47,597		47,597
Y Center	24,467	24,480			48,947
C CETA Administration	375,865		388,632	18,245	782,742
TOTAL	$9,926,418	$2,881,885	$4,082,125	$1,505,206	$18,395,634
Unobligated CETA Funds		792,933		403,373	
TOTAL CETA FUNDS	$9.926.418	$3.674.818	$4.082.125	$1.908.579	$19.591.940

NOTE: $7,303,537 HAS BEEN SPENT FOR NON-GOVERNMENTAL, COUNTY BASED, NOT-FOR-PROFIT ORGANIZATIONS.

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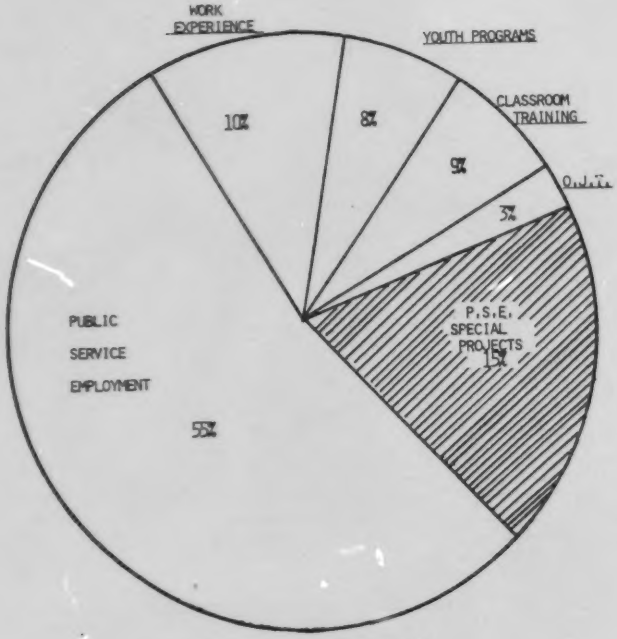
CALHOUN COUNTY C.E.T.A. ACTIVITIES FY'74 - FY'78



TOTAL C.E.T.A. FUNDS - $19,591.9[illegible]

2/14/78

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Senator RIEGLE. Let me now call on our next two.

Our next witness will be Mayor Ed McNamara of Livonia, a friend of mine and a person that I have great affection for, apart from our professional relationship. I am delighted that you are here today.

I am very much interested in getting your reflections coming from a different sized city and from one with a different composition than others that we are hearing from. Your impressions of the CETA program, how it's worked, how it might be done differently and better to really get the full mileage out of these dollars and to really help move people along who otherwise wouldn't have much of a chance. So I am delighted to have you here.

Mayor MCNAMARA. Thank you, Senator. With me is Jim Andrus, Director of the CETA program and a most competent young man who has done a tremendous job for us.

I recognize that many of the things I probably would say, you've heard before, so I'll try and highlight our program as it stands from my viewpoint.

We were somewhat suspicious of the CETA program when it first came about. And, however, I guess if we had to overview it today, it's an excellent program. It provides employment to a needy segment of the population. It provides vocational training to people who have a great need for it in preparing them to be self-sufficient, and it provides essential staffing to public agencies, so it does have three, we think, very important aspects.

It has some problems, and if I just might, the problems I think are primarily procedural, those that are dictated by the agency that administers it more than the act itself. Just let me briefly touch on one problem, and that is the matter of nepotism.

We have had instances, and more than one instance, as one example, chief custodian in a small school district that we provided help to. We then wanted to hire the divorced daughter of that custodian in the police department. The city of Livonia, because this chief custodian was supervising one individual up in the north end of the city, that individual could not be hired in the CETA program. So again there are some problems developed, and those, again, I guess point out the effectiveness of the program, if those are the simplest problems.

What I would like to do is emphasize, about 11 percent of the work force of the city of Livonia is now under CETA.

Senator RIEGLE. Let me understand. You are saying the entire work force of the city, 11 percent are CETA funded?

Mayor MCNAMARA. That's correct.

Senator RIEGLE. That's a big percent?

Mayor MCNAMARA. It is. Again, we have a relatively small work force. We are talking about 84 people in a force of somewhere around 650 or 700. So it is a large segment. Those people fall in many categories. They include many laborers.

The group that I'd like to speak to or specific projects that they represent, we started emergency medical service with CETA people. They are in the fire department, so that today the ambulance service within the city of Livonia is handled through the fire department exclusively by CETA people, and anyone that has need for emergency medical service are served by this group. And, again, these are all CETA peo-

ple and with the dissolution of CETA, it would appear that that would be one service that we would not be able to give.

We have our own hot lunch program. We have been unable to agree with the county as to how this program should be set up. We are convinced, for instance, that the scratch cooking is the way to go, and so with the use of the CETA saff, we have our own hot lunch program that we administer. And with the loss of CETA funds, the hot lunch programs for senior citizens would no longer exist.

It's interesting too, that that program started off with about five housewives. Some of them are kitchen aides, who are today cooks and rather accomplished cooks, and people that could probably go elsewhere and will go elsewhere before too long and seek employment elsewhere, because of the fact they have received that kind of training.

We had a reduction of some 13 percent in crime last year. We attribute a good part of this to the fact that we established a few years ago a cadet program where we hired young men from the age of 18 to 23, and have them actually foot patrolling subdivisions. Eleven of our some 25 cadets, 26 cadets are under CETA and, of course, that program would be surely curtailed in the event we were to lose CETA funding.

Senator RIEGLE. Let me just stop you at that point. It sounds to me like what you are saying is that the things that you have done with CETA employees are in a sense additional, that you have actually moved out into some new areas?

Mayor MCNAMARA. That's correct.

Senator RIEGLE. In other words, it's not a question of going in and replacing and building somebody into the ongoing system in a sort of standardized job that's been there all along, but it sounds to me like you've gone out and you've actually taken on new functions.

Mayor MCNAMARA. Correct. We are in the process now of establishing a senior citizens' bus system, where a CETA busdriver—we'll lease a bus with CETA funds and transport within a city that has very limited public transportation for senior citizens, and it will be exclusively for senior citizens. Again, it's a project that would have to probably be stopped in the event that we lose CETA funds.

Now, in addition to that, we do have other people that fall in the category of laborers, and for instance, our school district, we've given ten maintenance people to, and they have done a tremendous job maintaining their schools, something that hasn't been done in the area of reglazing windows, painting windows, and all of that sort of thing. So there's many, many projects in the community that just have not gotten done, and would not have been done had it not been for the CETA program. So generally our feeling is it's very beneficial.

I was interested in one comment that Mayor Young made that may have led you to the conclusion that CETA is only being used to employ qualified people. I think the rules and regulations as they have been given to us and have been strengthened lead us away from that.

Now, the emphasis is upon hiring the disadvantaged and those that are in greatest need. There are quotas that are quite stringent, and I think anybody that's involved in the program in close detail is aware of the fact that we do. We have a great problem filling these so-called vacant slots like police officers, because of the requirements that's been handed to us. That's not bad. I think that's good. I think we have a

pretty good balance of taking on competent people in some instances that might be able to find jobs elsewhere, but I'd say that at least half of the people that we have involved in the program are very disadvantaged people, who would have great difficulty locating elsewhere.

Senator RIEGLE. Do you know offhand how long people tend to stay in a CETA job? In other words, one of the things I am wondering about, and I have heard examples from both ways, people come in, they are there for a while, they get the training, some of the work skills and maybe upgrade themselves and they move out into a permanent job elsewhere, and then I have heard of other situations where people are in a sense sort of flying Dutchmen in the CETA program and stay for a period of years.

I talked to a young fellow yesterday in Grand Rapids who has been in the CETA program 4 years. He wants to get out. He doesn't want to get out and go into the ranks of the unemployed. He wants to graduate to get into something. I am just wondering what the profile of experience would look like in Livonia in looking at that particular point, how long would it take to get somebody through this and get good solid work done and expand them out so that that slot opens up for somebody else?

Mayor MCNAMARA. I think, Senator, one of our problems in that area, I realize you are looking for a time answer, but I think the answer, at least in our opinion, is that when the program first started, it was our opinion that people that were hired into the program should be hired at benefits less than a regular employee.

For instance, a police officer in the city of Livonia makes about $21,000 a year plus fringes. And the fringes are pretty sizable. So that that's probably a poor example.

Let's take a laborer that maybe hires in at $13,000 a year, plus fringes. It's very difficult for that individual with his limited background and training to go out and compete with that kind of a job.

Now, our proposal to the CETA people was, let us hire that individual at $8,000 a year. Let us say to him, "We're going to give you some training, we're going to call you public service intern, we are going to give you limited benefits, we are going to give you 1 or 2 days off a month to go out and search out a job. You will do comparable work to other people making $13,000." When this guy goes out making $13,000, take a day off and look for a job, and the best he can come up with is $8,500 a year, his tendency is to want to come back and stay with us. So the program, because of the requirements of paying those individuals at the same rates our people are being paid, are such that it discourages the individual from searching for employment elsewhere. We have had people that have been with the program since its inception.

Senator RIEGLE. Yes; this is a question that I have been wondering. That is: How do the labor unions respond to this and what's been their position, how flexible have they been on this?

Mayor MCNAMARA. We have a general agreement with the labor union that works very well. And when the program came into being, we brought our people in represented, and were a union shop. Every employee must belong. We have an agreement with them, but from time to time we do have some problem.

We have a current problem that the union president stopped in yesterday to see me about. We have a shortage. We have a need for two more firemen to fill out emergency medical service. And the only funds that are available are CETA funds, and so we advertise for these people.

Now, you can't take a gainfully employed person who might be a laborer in the DPW and hire him under this CETA program, so that laborer is excluded from being a candidate for a fireman. You know, a fireman is considered a very lucrative upgrading. And so the union in effect is saying, you are excluding us from promotion within the city because of CETA. We think that's an area that perhaps local rules and regulations, for instance, if the laborer does qualify and he is made a fireman, maybe we take his dollars that we're paying him in the DPW and pay him as a fireman and then fill in behind him with a CETA person as a laborer, and there are ways of doing it, but part of the problem with the program is: there's inflexibility.

Another problem I think that's a glaring one is that there are many departments within the Federal Government that look very carefully upon cities as to their practices relative to minority hiring. And CETA has an ironclad rule that says you must hire only people within your jurisdiction, so that we may only hire Livonians. So that in the last 4 years, most of the hiring, most of the new hiring that has been done in our city, has been CETA hiring. We have no minorities to speak of that live within our community, so that we are unable to meet any kind of quota. We can have an affirmative action program and we can do all of the things that are supposed to be done, but under no circumstances would CETA permit us to hire a minority that was not a resident of the city of Livonia.

Senator RIEGLE. Staff counsel tells me that apparently the residency test, though, is a minimal test. In other words, it's almost a declaration of intent of a day or two in the district that would constitute sufficient test of residency. Is that correct?

Mayor MCNAMARA. I don't believe that's the way it's been interpreted to us that that's correct.

Jim makes a point, you must be eligible when they apply.

Senator RIEGLE. In other words, you say that as meaning somebody has to actually make a physical move into the community and be a resident of the community rather than to walk in and say I am prepared to move into the community, and if this develops, I'll become a resident of the community?

Mayor MCNAMARA. We see it as a problem again, because other agencies have different rules relative to that.

Senator RIEGLE. Let's take a look at that, because that really freezes things in place. And I am not sure that that was the intent of the drafters of the law.

I am wondering, coming back for a minute to the other example of the guy who's the laborer, who's on the force, the labor force who now only wants to compete for the fire position, the $5,000 jump in terms of the two notches.

I am wondering if there might not be a way to treat the vacancy in sort of a two-step fashion, so that you don't lock other internal employees from competing for vacancies that are a higher level vacancy, because in fact what you would be talking about is pro-

viding the job training, the upgrading training for somebody at one level who might already be on board versus another person who will be going through that same experience who would come from outside, but if you could create a pool, where you could then in a sense vacate the laborer's job and put that in a pool of vacant jobs for which then the CETA, prospective CETA employee would then be aimed at, rather than at the fireman's job, that might be a way that you could do it. I realize you are caught in the regulations bind about how long has he been unemployed test, but maybe we could figure out a wrinkle there where you got that kind of situation, because obviously in public service jobs, it would seem to me that good sense would require that you be open to possible promotions from within, because otherwise that becomes an antimoral factor of people who come in and hell, it may have been a CETA job to get the laborer's job.

Mayor McNAMARA. Yes.

Senator RIEGLE. He may have been prevented from competing for the fireman's job. So maybe we can find some way here, so that it's fair and square.

I mean, so it isn't an effort to try to squeeze anybody else out, but to make sure that the competition can exist, you know, and so that guy isn't blocked for a kind of a move, a lateral move of that sort in that program.

Mayor McNAMARA. We might, for instance, we have had a food service supervisor's slot open. We can't say to all the employees in the city, here's a chance for a promotion, because all we have is CETA funds to fill that job.

Senator RIEGLE. Well, you see, I kind of like the idea too, because if you were to do it in such a way that the CETA jobs were kept at the lower end of the spectrum, so in effect this may not be true so much for Livonia, but I think it is true pretty much across the board as a generalization, that that becomes something—that would become something that would prompt you to go after more of the hard-core who were unemployed. I mean the person who is sort of permanently unemployed, structurally unemployed, who may possess even the beginning kinds of work skills, and so if the job is one of the jobs that's at the lower rungs of the ladder and in fact I think that would be, would also in effect make it easier for us to target the group of people who have basically been sort of shut out of the labor market altogether. I am not saying we'll reserve that kind of job for them, that's not what I am saying. What I am saying, it may well have the effect of drawing more of that kind of person out of the unemployed labor pool than necessarily drawing out somebody who's got a college degree and is marking time because they can't find a job somewhere.

Mayor McNAMARA. I think that's a good appraisal. I think if the unions have one objection, it's a feeling that they are blocking promotions because of the stringent rules. I am not sure it's the legislation that's the problem as much as the department that's administering it.

Senator RIEGLE. Yes; it may well be that we will have to correct it in the legislation, because oftentimes that's the only way you take care of an administrative problem.

Mayor McNAMARA. Right.

Senator RIEGLE. I really appreciate your coming today. I appreciate your comments, and they are helpful to us.

I am going to call on Phil. I don't want you to feel you've got to remain.

Mayor MCNAMARA. If you don't mind, I would like to go, much as I would like to hear Phil. Thank you, Don.

Senator RIEGLE. Nice to see you.

Phil, we are delighted to have you today and you really represent—you come as a program agent in a unit of local government with a population between 50,000 and 100,000 that partially administers as a CETA program, but that is responsible and under a prime sponsor, so that is kind of a unique situation. There are others that are in that situation, but I think you represent a variation of program arrangements that really is important for us to understand.

So, I am very much interested in whatever insights you have for us on problems and circumstances that would be unique to program agents that we should be considering in drafting this legislation. We are also very much interested in how this is working in Pontiac, and what your observation is from that point of view.

Mr. MASTIN. Well, thank you very much, Senator. Before I begin, let me introduce the director of Pontiac's Personnel Division, Gwen Heard.

Senator RIEGLE. Nice to meet you.

Mr. MASTIN. We are a program agent, and among program agents, Senator, I think we are a relatively unique one.

Pontiac's population is approximately 83,000 people, and we are located in the center of Oakland County, Michigan's wealthiest county. Yet Pontiac contains approximately 72 percent of Oakland County's poor. Over 80 percent of the county's minority population reside in the city of Pontiac. And during the recession period, several years ago, Pontiac's unemployment was in the range of 25 to 30 percent, for a period of over 2 years. It now is in the 13- to 14-percent range.

Dealing, as we must, with what we feel is an often unresponsive county prime sponsor, I'd like to give you just a few examples of the kind of problems that we have encountered. We have to recognize the value of a prime sponsor clearly. However, Pontiac is a large enough community, with a large enough assignment of CETA personnel, and a large enough personnel function, that we essentially administer 100 percent of our own program. We require no administrative support from the prime sponsor. Yet, and I understand that that administrative support is important, probably to a lot of smaller program agents, it is not important to us. We could frankly administer our own program. We could do so quite easily. But because the program—we are program agents dealing with the prime sponsor, they are allowed to siphon off up to one-half of the 15-percent administrative costs that are allowed by the Federal program and so, rather than being able to utilize all or most of those administrative costs, we find ourself in a position of receiving only 8 percent of the 15 percent, with the prime sponsor taking the remainder. And to put that in terms that impact on us, the number of dollars that are being siphoned off in this way would allow us to employ 50 additional people in the city of Pontiac, 50 additional unemployed positions.

I cannot frankly overemphasize the value of the CETA program to the city of Pontiac. Over the last several years, the CETA work force, general fund work force has remained fairly static. There's been very little attrition, but we have been able to bring on board and employ over 300 CETA people in Pontiac City government. That represents about 70 percent of our total allocation, and 30 percent of our allocation is being utilized by approximately 50 private nonprofit agencies, Catholic, social service agency, local school district, YMCA; just a broad range of community-based organizations are receiving a tremendous amount of support through this program they could have not otherwise have achieved.

Senator RIEGLE. Let me just ask you, Phil, I noticed Ed McNamara indicated about 11 percent of the city work force in Livonia is CETA funded. What would the comparable percentage be in Pontiac?

Mr. MASTIN. In Pontiac it is in excess of 20 percent.

Senator RIEGLE. So in your case, it's even a more critical element in terms of just making the wheels turn in local city service?

Mr. MASTIN. To give you some concept of that, we find ourselves in this position: Qualifying, for example, for a new community center funded by an EDA grant and staffed by CETA personnel, because it's the only way that we could begin to staff a new program, and very frankly as a manager of that municipality, that causes me some concern.

The tendency being perhaps to build too many community centers and staff them with people, and if anything ever happens with that program, Pontiac would be in a terrible fix. We understand that.

Now, Ed also mentioned that some of the uses, very fine uses to which CETA personnel are being put in Livonia, I'd like to comment on that in terms of Pontiac. We have 22 of our police officers, for example, people that are subsidized by the CETA program. We have 22 positions we probably wouldn't have been able to create, and that is good. As a result of the Touche Ross studies done several years ago, it was indicated our police force needed beefing up, and this has enabled us to do that.

We have 18 fire personnel who are subsidized by CETA. As I mentioned, there are community centers that are staffed by CETA.

Senator RIEGLE. If I can just interrupt at that point. In terms of those police positions, and those fire positions, would the CETA employee that's been identified and designated in that slot remain in that slot as a CETA designated and funded employee, or at some point will they come out of the CETA program and take somebody and go on the sort of more normal and traditional payroll of the city and open that slot up to somebody else?

Mr. MASTIN. That's the way we sincerely hope the program will work, as the attrition occurs, retirement and what have you in the department, these essentially younger people will move up into permanent positions.

Let me just point this out too: In a community like Pontiac, where the population is essentially 40 percent minority population, we have been able to use CETA in these two very sensitive departments to bring minority people into police and fire work.

Senator RIEGLE. So it has an affirmative action program?

Mr. MASTIN. You bet you it does have an affirmative action program. The affirmative action program has been of tremendous assistance to us.

We have had some mixed success. I would guess, I'd have to say in terms of some of the comments I have heard you make about advancing, using CETA as sort of a springboard and advancing out of that. We have had people who have been brought in as CETA employees, given training and they become very proficient. For example, as keypunch operators who have subsequently found employment in other governmental or private agencies at salaries of $15,000 and $18,000. You know, we were paying them $10,000 as CETA personnel.

We find that interestingly enough, that the laboring kind of job, the public works kind of laboring job, is probably where we experience our greatest amount of turnover. People might come in, take a CETA job, they use it as maybe a 3-week, 3-month work experience, meanwhile they are looking for something else, maybe a construction company or something, they land another job and they leave. On the other hand, we have had a large number of people who have been with us since the inception of the program.

Senator RIEGLE. So that would mean in some cases 3 years plus?

Mr. MASTIN. Yes.

Senator RIEGLE. Started in CETA slots and are still in CETA slots?

Mr. MASTIN. Precisely. And Mayor McNamara pointed out in cases where Livonia is paying people $13,000 a year, it's difficult for them to find comparable work experience, you know, at a comparable salary. I would suggest it's often difficult even at $10,000 a year to find a comparable job that will pay that kind of money in or around Pontiac. We've had a tremendous expansion, Senator, from the various General Motors Divisions located within the city of Pontiac that's generated in excess of 2,000 jobs in the city. Not all of those jobs go to residents, obviously, but our ratio is about one resident to two nonresidents in those GM plants. So there has been of some help in terms of local unemployment, but even with the tremendous number of the CETA personnel that we have in excess of 500 that is presently allocated, that probably doesn't represent much over 10 percent of our total unemployed force.

Senator RIEGLE. You see, one of the really tough policy dilemmas I think we've got to deal with, and I'll address this to everybody that's in the audience that's concerned about this as well, and that is: When we started out in CETA, the original concept essentially was to go out and find hard-core unemployed that couldn't make it into the job market without special training and special assistance, identify that person, help them get upgraded to the point where they could then go through a transition period and "boom" go into a permanent job somewhere, then the program, kept getting expanded and recession hit us. I thought Dick Hammel's presentation on the history and the evolution is especially helpful.

In any event, we are now at a point, cities like Pontiac, high employment areas, high minority population areas, high unemployment is centered anyway, as it is in my hometown of Flint, too, we find ourselves in a situation where, what happens is the CETA—a big chunk of CETA—public service jobs chunk of CETA gets pretty darn close to revenue sharing and we end up providing essential services with the

person who has gone through the CETA program and who becomes sort of a permanent CETA person, well, obviously that function has to get me in terms of somebody coming in and providing that essential service, but on the other hand, it blocks the training slot.

In other words, if somebody is in there and is in there for 2, 3, or 5 or how many other years, then that subtracts that spot out of being a training vehicle so we can go back into the pool of unemployed and presumably pull somebody else out and give them a chance to sort of get routed. And I am really concerned about how we solve that dilemma, because in the one case, the only way we are going to solve it in any areas like Michigan, where we've got an unusually tough unemployment problem in our economic climate, and it's less favorable and less attractive, we keep losing industry, and jobs and what have you. It seems to me that for us, it's all the more essential that something like Humphrey-Hawkins is sort of the master plan concept that has to be developed as a Federal goal so that we are able to orchestrate a national employment plan that can take account of the fact that Pontiac, Detroit, and Flint are a totally different ball game than Houston, Tex., and some other place that is just not experiencing the same kinds of realities as we are, and that there isn't any quick fix.

In other words, there is no way to somehow just buy program modification, change the situation you face in Pontiac where 20 percent of your work force now is CETA funded in part, because you are stuck. I mean, you've got to continue to provide those public services.

The mayor made that same point very graphically in terms of Coleman Young's comment here about Detroit. So it seems to me what we've got to do is not just tinker with CETA, because if we are paying Paul and we are robbing Peter to do it, we are not really coming out ahead. So what we've got to do is, we make whatever fine tuning adjustments we can make in CETA. We've got to step back from that and recognize what we need is a profound augmentation of CETA, whether we call it CETA or whether we call it whatever we call it.

What's really needed is the rest of the program, and if we're just trying to squeeze the balloon here in order to make it come out here, if the hold the bait takes place in sort of that context, we can't win, because, you know, maybe we win in Pontiac, we are going to lose somewhere else. If we are going to win everywhere, then the problem is that we've got to view this problem on a much larger scale and with a much more massive national commitment of effort to deal with it.

Mr. MASTIN. Yes; just to repeat Mayor Young's comments during his presentation, CETA really has to be part of a whole; by itself, it's not going to address the problem. As I indicated in Pontiac, in spite of the large number of CETA personnel we have, I doubt if that represents 10 percent of the total unemployed available work force there.

Senator RIEGLE. And do you find, Phil, there's a tendency in this program to tend to reach for the person who's the most ready? In other words, you've got a whole pool of unemployed people. If you have got somebody that's got more job skill and education and so forth, isn't there a natural tendency to take that person first because you know they are likely to be able to be productive faster and to be less effort to work with and so forth, is that natural bias there?

Mr. MASTIN. There's a bit of a bias in that direction, particularly, Senator, if you are looking for somebody with office skills or some-

body that you want to train to clerical positions of clerk-typist positions, something like that. You tend to look obviously for somebody with a little work experience and maybe a little better education and so on.

However, what we have been able to do in Pontiac is a large amount of what you might call public works-oriented activities, and recreational-oriented activities. And we often find that we don't have to get—I don't think we get into the creaming, as you referred to it, the creaming situation there.

Let me suggest one thing that is of concern to us, though, and I think it really addresses the success potential of the CETA approach. As I mentioned, we are dealing with something like 8 percent that's allowed us for administrative cost. Now, that means that for that 8 percent, we somehow have to take this relatively unskilled person, who perhaps does not have much in work experience in his background, therefore, bringing him into a situation where, perhaps, he's going to require more, not less supervision than would normally be the case. And yet we've got to provide that supervision. We've got to provide the equipment, whatever equipment needs there might be. We've got to provide whatever training and educational component. And let me assure you, there is no training or education component when you are only dealing with that 8 percent. We are dealing with that $10,000 salary, and $800 to try to provide this increased level of supervision, all of the equipment and supplies, and by the time you get to training and education, the dollars are not there.

We feel this, as I mentioned earlier, very strongly because we are administering our program, we are trying to provide all of the supervision, yet we are doing it with 8 percent rather than the allowable 15 percent that the prime sponsor receives.

Senator RIEGLE. I guess you are cut in half?

Mr. MASTIN. Yes. So it would seem to me that it might be helpful and, perhaps, effective if some thought could be given to at least in those communities where a training program, educational program can be demonstrated to be available, or, you know, anyplace that some additional consideration, some additional compensation might be allowed for that.

When you think in terms of the development of labor programs that provide training for the unemployed and the cost, the annual cost of something like $16,000 or $18,000 per client to provide that kind of training and then you look at a city like Pontiac, Livonia, and Detroit, you are looking at, you know, as I say, $100 to $15,000 to try to provide some training. It is very difficult, very difficult.

Senator RIEGLE. Let me ask you one other thing, Phil, and that is the relationship with labor unions. That's a matter that we are very interested in as a subcommittee, how this gets worked out. Any thoughts on that?

Mr. MASTIN. Well, our experience, and we have six bargaining units in Pontiac, our experience has been on the whole a very good one. There's not been a great deal of friction, but we have—and I am pointing this out because I picked up on it when you were having the discussion with Ed a moment ago. We have six bargaining units and if a job opportunity, let's say a promotion opportunity in bargaining unit No. 2 is posted, members of other bargaining units cannot

apply for that job, only people in bargaining unit No. 2 can apply for that job. There's nothing to do with CETA regulations. It has to do with a negotiated labor contract. Virtually all of our unions have this sort of preclusion built into it, so that people cannot promote from one bargaining unit to another.

And I don't know that you would want to get into that legislatively, it just poses a bit of a barrier that you may not have contemplated, and I want to kind of put it on the table. And it applies frankly, whether we are talking about a CETA person or a non-CETA person within the bargaining unit.

Our bargaining units seem to have the feeling that as long as the CETA person is not doing work above their grade level, and as long as they pay their dues on time, they are perfectly welcome to come on board. We haven't had a great deal of a problem.

Senator RIEGLE. Well, thank you very much for coming today, and we appreciate your testimony. We are going to make your statement a part of the record. If you have any other thoughts or suggestions for us, you can chew this over, please get back in touch. We will have some time.

Mr. MASTIN. Thank you. We sincerely appreciate being asked.

Senator RIEGLE. We are going to take one more panel here before a brief lunch break, so I'd like now to call Gerald Daniel, UAW, Mary Ellen Riordan, the president of the Detroit Federation of Teachers and Malcolm Wright, who is the assistant to the president of the Michigan Federation of Teachers.

Delighted to have all of you here and I appreciate your patience this morning. As you can see, these subcommittee hearings have a life of their own in terms of how it all works and so forth.

In any event, we are delighted to have you appearing today, and we are interested in your observations and suggestions. Mr. Daniel, do you want to start?

STATEMENT OF GERALD DANIEL, ADMINISTRATIVE ASSISTANT, ACCOMPANIED BY MARK STEPP, VICE PRESIDENT; GRADY STALLWORTH, ASSISTANT DIRECTOR, JOB DEVELOPMENT AND TRAINING PROGRAM; AND WILLIS STARKS, INTERNATIONAL REPRESENTATIVE, UNITED AUTO WORKERS; MARY ELLEN RIORDAN, PRESIDENT, DETROIT FEDERATION OF TEACHERS; AND MALCOLM WRIGHT, ASSISTANT TO THE PRESIDENT, MICHIGAN FEDERATION OF TEACHERS, A PANEL

Mr. DANIEL. Thank you very much, Senator. My name is Gerald Daniel, and I am administrative assistant to the United Auto Workers and the vice president with me is Mark Stepp. I have with me Grady Stallworth, who is assistant director of our job development and training program which is a department within the UAW, and also Mr. Willis Starks, who is international representatives.

Senator RIEGLE. We are pleased to have you as well.

Mr. DANIEL. I would just, rather than going into all the testimony that we have put together here——

Senator RIEGLE. By the way, we'll make your entire statement a part of the record and you can make it available.

If you want to summarize, that would be fine.

Mr. DANIEL. Fine. Why don't I do that rather than taking the time to explain the history of our involvement with manpower programs or job development training programs, and get right down to the areas in which we feel that there should be some improvements and some of the things we have had difficulty with in working with the CETA programs.

One of the major faults that we find inherent in CETA, is the 1-year funding system. Inasmuch as the program that must deal with the initial funding, the startoff funds, the developing of a working relationship, and by the time you get all of this into gear, it's time to start negotiating another contract. So we strongly feel there should be, perhaps, a couple of years at least at the minimum, and when we worked with MDTA, and in contracts some time ago, we had 2-year contracts and they worked much better than trying to do it on the 1-year basis.

There are a few other areas here that we find that CETA allows the prime sponsors to establish their own guidelines within a very broad spectrum of rules and regulations, and they can do this without violating the CETA Act. We find that this creates problems, because there's no uniformity in this kind of arrangement. Invoicing is a good example. The invoicing techniques are changed from one prime sponsor to another. We have some 24 contracts with prime sponsors throughout the country. East as far as New York and west as far as California. And to us, it appears that there is a real problem, because it's a waste of money actually, and this is an area where the money could very well be spent on the clients rather than having to take it up in administration.

On advancing, we don't have too much of a problem, because we are backed by the international union. But some of the contractors do have problems with the advancing of funds, but that differs also from prime sponsor to prime sponsor. Some of them say, yes, we can do it. We can advance funds on a project. Some say that they can't, and we feel that they could get probably many more organizations involved in doing a meaningful task for CETA if they were able to obtain advances up front, and then it would also simplify bookkeeping as well if they could utilize a projected budget.

We find that there is a problem—we feel that money is being wasted in CETA as it relates to the direct contract between the corporations and CETA, wherein CETA would reimburse an employee 50 percent of the client's wages. We feel that with our experience in the labor movement and also in training, that it doesn't cost the 50 percent of a client's wages in order to train him. We feel it's more or less a ripoff by the corporations. We feel that it also sets up a competitive thing as it relates to other organizations that are about the business of being involved in job placements.

Senator RIEGLE. Let me just interrupt you. You heard Phil Mastin from the city of Pontiac indicating how he gets a piece of the 8 percent that he basically has to use for that task, and he says it's insufficient, that there's a whale of a big difference in some part of 8 percent and 50 percent.

Mr. DANIEL. Indeed, it certainly is.

I noted that—I think that we feel that definitely should be corrected. In addition to this, we wanted to make another observation about how

we have been able to be effective through our program. I'd like for Mr. Starks to explain the couple of instances that we are involved in, and how we have been able to be helpful under CETA.

Before I do that, let me just say this, that we are in favor of the continuation of CETA. We can see a lot of good that CETA is doing, but we definitely feel there are a number of negatives and we feel that through experience, these negatives can be eliminated. We feel they should be eliminated. We feel that the positive should be expanded on and broadened, and in doing this we can be about the business of getting Americans back to work.

Mr. STARKS. I would just like to make mention that during the Manpower Development and Training Act, MDTA Act, we had a plant in one of the Twin Cities that went out of business to White Motors. If it had not been for the fact that we had an OJT contract with the Federal Government, those persons who were displaced because of the plant going out of business, we would not have been able to place those people in gainful jobs. So we wrote an OJT contract with Honey-Spiegel Co. in that particular area, and the Honey-Spiegel Co. was able to absorb most of those people who were displaced because the company went out of business. The same thing happened here in the city of Detroit, when the Budd Co. closed its foundry down, so, of course, 500 employees lost their jobs as a result of that. So again we wrote an OJT contract and Budd was able to absorb over half of those persons who otherwise would have been out in the street without employment. Those persons ranged from 35 to 45 years of age. Of course, it made it very difficult for those people to go out and start all over again in an entirely new company with the lowest paid positions.

So we feel that if it had not been for this kind of a program in existence, then those persons would still have been on welfare and some other place. So this is one of the basic things that we are engaged in doing for the unemployed and for the disadvantaged.

Senator RIEGLE. You know its interesting, John Conyers referred to this at the outset this morning. I don't know if you had arrived at that time. We had one of our major hearings on the Humphrey-Hawkins bill the other day in the Senate, and Irv Bluestone was there testifying on behalf of the UAW very strongly in favor of the Humphrey-Hawkins bill.

I just want to emphasize again the importance of getting that enacted this year. There's an overall framework within which CETA sits. If you have been listening to this testimony as I have this morning, we can see how CETA, as good as we make it, we are trying to stretch too little over too much. We are making a dent in the problem, but we are not really addressing the full extent of the problem. And so it's essential that we understand that. I think we've got to step back from that and if we work CETA as well as we can, that we've got to get this bigger framework of Humphrey-Hawkins enacted this year and in place around it, so that we're really in a position to start dealing with our unemployment problem in a substantial way. I just wanted to emphasize that.

Mr. DANIEL. It certainly is. As a matter of fact, would you foresee the enactment of the Humphrey-Hawkins bill—of course, we also see the enactment of the Humphrey-Hawkins bill, but CETA as under

the umbrella, but as under the umbrella of the Humphrey-Hawkins bill.

Senator RIEGLE. Well, it basically becomes in fact a component part of Humphrey-Hawkins. But you see, while we need Humphrey-Hawkins, what's happening is that we have to scrounge to get what we get for CETA. And we have been reasonably effective, and now $12 billion is being spent in this fashion, but it's probably a small fraction of what's needed to really tackle the unemployment problem, especially the toughest part of the unemployment problem, which is the structural part, which we tend to push off to the side.

I mean, there is still a tendency to draw off the unemployed labor pool, those people who are most ready to go. I mean, you have to really want to reach past them to get down into the group that really has not finished high school, lacks the basic skills to even start to make you ready for training versus, you know, all set to go and trainable and if not already trained, yet at the same time unemployed.

So Humphrey-Hawkins really becomes in effect the umbrella or the large framework under which we will then have CETA operating plus other programs as needed to sort of fill the whole thing out. But in the end, what Humphrey-Hawkins is designed to do, is to give us the capacity finally to find and reach every single person in this country that's employable, that can work, should work, wants to work and get that person routed in such a way that they come out of whatever the condition they are in that's preventing them from getting trained and getting them matched up with a job situation and moving on to a career. So CETA right now comes in and does some part of that job, but we are just scratching the surface as effective as we are, that's why it's so important this year, because there are a lot of things that are just right for us to get Humphrey-Hawkins done this year. But it's like anything else, oftentimes a moment will arrive and present itself where you can do something, and if you miss that moment, it may be it's a long time before it comes back around again in a right way where you can make it happen, and that's why today we mustn't let the debate on the Panama Canal, coal strike, Middle East and everything else get us so preoccupied that this one item that we have been waiting for so long to enact slips away from us.

The other point I would just make, and again to emphasize, because I've got to emphasize it everywhere I go, are we'll never get the word out sufficiently. We have gone through four variations of Humphrey-Hawkins. There was the original concept, lot of complaints and fussing about that, so that got reworked and then we got the second version of Humphrey-Hawkins scaled down, stretched out and more focused and so forth. Objections to that couldn't quite get Carter fully on board, so we went back then, we got the third version scaled down and changed again and so forth, made it more acceptable to a broader number of people. That wasn't quite sufficient, so we went back and did version number four, which is what we have today.

Now, if you compare version number four to version number one, I mean, you've got a profound difference. But in version number four, we have got something new that I don't think any right-minded person can fuss about very much. And so if somebody who has an impulse, who wants to sort of object to any kind of Federal Government initiative, we'll take whatever their emotions are that are left over from ver-

sion number one and try to apply that to version number four. Those of us who understand the difference are going to have to speak up and say "Wait a minute."

I had this happen the other day at a meeting with a group of executives from a very large company in this State, and so after I had heard their story about the things they were concerned about in their particular business segment, I said, "Now, there's something I want to lay out on the table that I want you to consider," and that's the Humphrey-Hawkins bill. Well, there was one guy right across the table, and it was just like I hit him with a hot wire. I could see him sort of stiffen in the seat, because it was just the words themselves, you see. He's so conditioned to react against Humphrey-Hawkins, that he's already reached a judgment, although he doesn't—as we talked about it, it turned out he didn't know version four was what we were talking about, and that's different than version one and so forth. But anyway we got far enough in that conversation where he said that he would take a fresh look at it, and I would get the information to him and he would consider it and so forth.

I think it's in the interest of business and it's in the interest of the private sector and free enterprise system that we find a way to let people work. When you are selling work and you are selling jobs, you ought not to have to beat people over the head to sort of sell the wisdom of that kind of concept.

In any event, I think what we have got to do right now is, we've got to really apply a kind of pressure and organization that it takes to get something down when there is a certain amount of opposition, whether it's educated opposition or uneducated opposition. And what I am concerned about, quite frankly is, there's such a pileup of problems right now, and the White House, for example, is a very busy place today. First Sadat is coming and then Begin is coming and somebody else is coming, and then there is the coal operators that are in, the coal unions are in and the Panama people are in and the Senators are in that have to get to talk to him and so forth and so on. Well, I say in the midst of all of that, what kind of sustained push is Humphrey-Hawkins going to get? Well, I don't know, because I am sympathetic with the problem when you've got a big traffic jam going, but if the people in the country who understand these issues keep a very clear version of it, and they keep pressing to make sure that what needs to happen now happens now on this one item, that our chances of getting it done are much better, so we have to make sure we are helping the Congress and helping the President right now in terms of keeping the priorities straight, not that we can push anything off the stage, but I mean, along with everything that has to be dealt with, this has to be dealt with and, that's all we are really asking.

But I'll take the time to emphasize that because if we don't do that, if we do CETA and we don't do that, you know, we are going to continue to find ourselves, you know, working against the tide, you see, and we can make a little progress, but we can't make enough.

Mr. DANIEL. But as an organization, I think that you are aware that our priorities are in our lobbying in Washington and that is national health insurance and, of course, the Humphrey-Hawkins bill, and those are our top legislative priorities, and so we are very much

involved in trying to push Humphrey-Hawkins, have been from the outset.

Senator RIEGLE. Right, and that's key, because our national health is where the UAW is taking lead.

What seems to have happened there is that the administration is going to come forward and announce its program later this year, which means that we will not act on it this year. But Humphrey-Hawkins, we are now acting on. In fact we have already had some hearings and we'll have more. So in terms of the two priorities, even if the national health were given a higher priority as a national issue than Humphrey-Hawkins, because of the timing, they ought to be changed, because Humphrey-Hawkins we can get right now and because of this we can't get national health and that doesn't change the basic sense of it, but in terms of strategy we've got to come in on Humphrey-Hawkins right now.

Mr. DANIEL. I think we are zeroing in on it, that's right.

Senator RIEGLE. Well, are there any other points that you think are important?

Mr. DANIEL. No.

Senator RIEGLE. I appreciate very much your coming. I am going to turn to my other witness. Let me have you be free to be excused if you want or remain if you want. Delighted with your testimony.

[The prepared statement of Mr. Daniel follows:]

Testimony Given

By

Gerald A. Daniel, Administrative Assistant to UAW

International Vice President Marc Stepp

International Union, United Automobile,

Aerospace & Agricultural Implement

Workers of America

To The

United States Senate Human Resources Committee

Sub-Committee on Employment, Poverty and

Migratory Labor - Detroit, Michigan

February 17, 1978

My name is Gerald Daniel. I am Administrative Assistant to United Auto Workers International Vice President Marc Stepp. In addition to directing several other departments, Mr. Stepp is the Director of UAW's Job Development and Training Department (JDT). We are pleased to have the opportunity to give some of our views on the Comprehensive Employment and Training Act. I would first like to give you an overview of the United Auto Workers involvement with Manpower programs and CETA.

The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, (UAW), is one of the pioneers in the field of Manpower Development, Job Development, Job Placement, Pre-Apprenticeship Training, On-the-Job Training, and individual counseling.

The UAW established its Manpower Development and Training Department in 1967 after being awarded its first National Prime Contract by the United States Department of Labor and the Department of Health, Education and Welfare in 1966, to expand UAW activities in the aforementioned areas as well as to develop diversified training programs to deal with the problems of persistent unemployment resulting from automation and technological changes. It has also performed a significant public service by making more and better job opportunities available for the under-educated, the unskilled, minority group members and other economically disadvantaged individuals who might not otherwise have gained meaningful employment.

Since 1966, the UAW has been granted eight (8) successive Prime Contracts with the United States Department of Labor with a total monetary value of $12,927,453.00 to train and place 11,800 individuals, 1,610 of these receiving institutional training prior to on-the-job training. Our first three National Prime Contracts were coupled with the Department of Labor and the Department of Health, Education and Welfare, and provided basic education for trainees with less than an 8th grade education. For those trainees, we conducted remedial education classes of ten-weeks duration prior to placing them on jobs or OJT.

The UAW-Manpower Development and Training Department has exceeded

the numerical obligation in every Contract we have implemented through 1977.

In addition, the UAW-Manpower Development and Training Department has been awarded three (3) grants totaling $1,262,471.00 to conduct pre-apprenticeship and retiree advisors programs for 1,164 potential apprentices in the metal working industry. These programs were implemented wherever and whenever indenture opportunities were assured. As a result, the apprentice indenture rate has exceeded our contractual commitment by more than 50 per cent.

With the advent of the Comprehensive Employment and Training Act (CETA) we were awarded our first National Prime Contract under that concept on January 3, 1974 and successive Contracts each year, including 1978.

The UAW-Manpower Development and Training Department has operated training and job placement centers in more than thirty (30) communities, and in each it has chronicled an enviable job placement and retention record. In keeping with the times relative to the Women's Movement, the Manpower Development and Training Department was renamed in 1974 to the Job Development and Training Department.

Under CETA, the Job Development and Training Department of the International Union began to involve itself with Prime Sponsors across the United States. This was partly because we were listed in the Occupational Outlook Handbook for References relative to training programs, and partly because of the record of performance we had built since our initial involvement with training programs under the now defunct Manpower Development and Training Act (MDTA).

The fact that we have developed a working relationship with the metal working industry, i.e., automobile and automobile suppliers, agricultural implements, and aerospace, that provide meaningful wages, fringes and generally good working conditions with seniority provisions, has resulted in Prime Sponsors seeking Requests for Proposal (RFP) from us. We have responded to these R.F.P.'s positively and are continuing to do so.

We believe we are providing a service to Government, the Prime Sponsors, the unemployed, under-employed and otherwise disadvantaged population that cannot readily be provided by any other agency.

Because we are a non-profit association, our average cost per job placement is difficult, if not impossible, to undercut.

Most Prime Sponsors have expressed and displayed satisfaction with our performance by renewing Contracts with us year after year.

One of the major faults inherent in CETA is the one-year funding system. Inasmuch as a program must deal with the initial funding, start-up time, developing working relationships with other community-based agencies, and Contract closeouts at the same time new proposals for another year's funding are being prepared and submitted, adequate time for the services to client component is not always available.

There are a few other areas of CETA that could be improved.

CETA allows Prime Sponsors to establish their own guidelines within a broad spectrum of rules and regulations without violating the Act. Such

arrangements create problems for contractors, mainly because of the lack of uniformity among Prime Sponsors. This is especially true when one organization -- such as the UAW -- have contracts with Prime Sponsors throughout the country. Invoicing procedures is a good example. If invoicing procedures were uniform, administrative costs would be less; hence, there would be more funds available for client services. There is little uniformity in contract negotiation procedures, computation of budget breakdown, banking, Request For Proposals (RFP) deadlines, etc.

Some Prime Sponsors permit thirty (30) to sixty (60) day budget advances, others do not. There are, no doubt, many organizations that could provide a service for CETA, but would not be able to function without projected advance funds. Organizations that have funds to meet a payroll or expend funds for other budgetary obligations in connection with a CETA Contract should not have to use their funds as front money. Provisions should be made for advance funds immediately, effective with the signing of the Contract.

From the UAW's position as bargaining agent for workers in the automobile, automobile suppliers, agriculture implement and aircraft industries, and a large portion of metal workers worldwide, and one of the nation's largest Prime OJT Contractors for the USDL -- we have learned from inplant observations the extent, duration and approximate cost involved when an employer is training workers on new jobs.

That cost is far below the reimbursement rate of 50% of the employees wages allowed by CETA Prime Sponsors. The training period is also much

shorter than that provided by Prime Sponsors.

The 50% reimbursement rate is so ridiculously high, that in most cases, Local Union Officers refuse to sign OJT Contracts with Prime Sponsors and companies, as required by law. In their opinion, its a rip-off for the company.

A reduction in that reimbursement rate to a more realistic level would provide additional funds for services to clients.

Most employers would be happy to train two (2) new employees for the price they are now receiving for one (1).

The Federal Government has an obligation to ensure that employment opportunities are available for all who want to work. To fulfill that obligation, sound programs must be developed to deal with problems of unemployment and underemployment.

With the birth of MDTA and its successor, CETA, a comprehensive and workable employment and training plan was launched.

Every dollar invested in employment and training yields substantial dividends. For each person that is returned to work, we have one more taxpayer and, in many instances, one less welfare recipient. Perhaps, of equal importance, the satisfaction and sense of responsibility that comes from having a job are essential components of the pursuit of happiness.

CETA has provided the vehicle for us to extend a helping hand to the

disadvantaged. The UAW is currently implementing twenty-four (24) CETA Contracts for Prime Sponsors at different levels of government in nine (9) states from Connecticut on the East Coast to California on the West Coast of the United States. Simultaneously, we are implementing a National Prime OJT and National Project Outreach Contract with the United States Department of Labor Employment and Training Administration.

We feel that it is not only important to continue CETA, but extremely necessary. CETA should be strengthened and every effort should be made to eliminate the negatives, broaden the positives, and, get America back to work.

CURRENT UAW-CETA CONTRACTS

Prime Sponsors	Area of Service	State
Alameda	County	California
Buffalo	City	New York
Bristol	State	Connecticut
Chicago	City	Illinois
Cincinnati	City	Ohio
Cleveland	City	Ohio
Erie	County	New York
Gary	City	Indiana
Hartford	City	Connecticut
Illinois	State	Illinois
Los Angeles	County	California
Los Angeles	City	California
Long Beach	City	California
Mid-Valley	County	California
New York	City	New York
Orange	County	California
Pasadena	City	California
Rochester	City	New York
Santa Clara Valley	County	California
San Francisco	City	California
St. Louis	County	Missouri
St. Louis	City	Missouri
Toledo	City	Ohio
Wyandotte	County	Missouri

USDL - National Prime

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Senator RIEGLE. Mrs. Riordan, we are really pleased to have you here and delighted that you could come and also that you are here, Mr. Wright, and we are anxious to hear from you. What's your pleasure in terms of who proceeds?

Ms. RIORDAN. Mr. Wright will begin.

Mr. WRIGHT. Senator Riegle, the Michigan Federation of Teachers is an organization of 22,000 teachers and paraprofessionals. Most of us are in this Detroit metropolitan area and we are part of the American Federation of Teachers and part of the AFL–CIO, and we asked for the privilege of coming here today because we are concerned with unemployment. Teachers are concerned with unemployment, and the reason they are is not only because the enrollment in the public schools is going down and teachers are being laid off, but also because when unemployment is high, taxpayers tend to vote no on the school millage elections, and it makes it tougher for the schools to operate, and also because the unemployment has a devastating effect on the motivation of the students who are still in school.

When students know that their older brothers and sisters and relatives who have already graduated from high school are out of work, and there are various estimates in this area of up to more than a half of the youths of high school age are out of work, even though they graduated from high school, this has a big effect on the students who are still in school. The dropout rate, the attendance, the apathy, disorder in the hallways, and even violence in the schools, all of these things are closely connected with the level of unemployment. Teachers every day try to deal with the situation, and to a degree the problem of unemployment is sort of dumped in their laps for them to handle, even though they are still working, even though the students are really not part of the job market, so that we would like to encourage the efforts that you are making to carry on the CETA work and enlarge it.

In some of the comments that have been made earlier this morning about CETA being part of the larger picture, trying to solve unemployment, including the Humphrey-Hawkins bill, we are very supportive of these efforts, and whenever the time comes, whatever we can do to help see that that bill is passed, call on us, and I know this is true of our national organization also.

Senator RIEGLE. Let me just say in that respect, and I am still struggling with the right way to put it into words, but the time to really get very active on behalf of Humphrey-Hawkins is right now. And I say that because we've got a unique situation in Washington where you've got a new administration that's new to the Federal Government, and they are still feeling their way along and we are getting this big pile up of problems. I mean, the coal strike is coming in from one angle and you've got the Middle East, which is a very preoccupying problem. You've got an outbreak kind of war going on in southern Africa, and so we've got a tremendous number of items that are preoccupying, and even the Congress itself, with the energy and various other things, so the administration always has a hard time deciding what the priorities are and staying on the track of those priorities.

One thing we can do right now, and you are exactly right in terms of the tremendous effect that it has on education, the education environment, the money available for education, the attitudinal situation that exists in terms of trying to make the educational process work

relates so directly to unemployment, it may well be that the Humphrey-Hawkins bill, well conceived and well handled and carried out, is the most important single thing we can do right now.

So I think what we've got to do is some lobbying with our friends. I think we've got to make sure that the President understands how strongly the grassroots organizations feel, that the leaders of the House and Senate, O'Neill and Byrd, understand again and up through the constituencies that they are sensitive to the various Members of Congress. You've got 19 of them from the State of Michigan, that they all get a good strong clear message that gets beamed in now.

Unless we get that critical mass of support and feeling and national attention behind this, it's not going to happen, and my concern is this: The President, for all the good intentions that he has, is incredibly busy and his vantage point is necessarily different than ours. The Michigan perspective and urgencies are all together different than the urgency that would apply, say, to the State of Georgia, which is a natural setting from which he draws most of his experience base, and so unless we can continually telegraph in and reinforce the tremendous importance that this kind of national goal setting has for us, we will never get off this downhill slide.

So the reason that I take the time to emphasize it is to say, I mean you know how to mount a strong lobbying effort. You are very good at it. Now is the time to launch that with respect to Humphrey-Hawkins.

I have talked with a lot of other people about it. Coretta King the other day, and a number of others, so that we can really amalgamate a coalition that's needed and really start clicking on 16 cylinders, because if we do that, we'll pass Humphrey-Hawkins this year. We may face a filibuster in the Senate. I mean there are a million roadblocks potentially for us to get by, but it's the old story, if we get an enormous head of steam behind us, we can get it done, and so I really want to ask you to do that.

Mr. WRIGHT. We will do what we can do. There's no one more interested in this thing than we are.

Senator RIEGLE. Let me ask you this question?

Ms. RIORDAN. Senator, I would like to make some further comments.

Senator RIEGLE. Please do.

Ms. RIORDAN. My comments are certainly in concert with Mr. Wright's. I'd like to go a litle bit further.

Commenting on the CETA Act itself, we are most concerned that CETA not only be continued, but that it be expanded. Granted the importance of Humphrey-Hawkins, and there is no way that we will belittle that. We are as convinced as you are of the importance of it, and it's necessity. We believe that CETA must be both extended and expanded. It is desperately essential to large cities more than others. And, as you know from your hometown of Flint, we know here in Detroit—I heard only part of what the mayor of Detroit had to say, but certainly I concur with his statements of the difference of the meaning of CETA here in Detroit and in certain other large cities, not as true as in Detroit, if we are talking about other States, the essential role that CETA plays. Now it has been a blessing to schools. There will be testimony this afternoon by the superintendent's repre-

sentatives, so I won't go into a good deal of that that normally I might cover.

I would like to state, though, that our real concern that exists with the AFL–CIO and with us, particularly because of our profession, that there not be a change in emphasis in CETA from the combination of the economically disadvantaged or the unemployed, or the underemployed, that there not be a change from that to a concentration on the unemployed only, or the economically disadvantaged only. To put it in plain terms, the spouse of a teaching teacher, who is underemployed or unemployed does not fit the economically disadvantaged, but certainly is in desperate need of work or someone who is well trained, but is working at a much lower level is indeed of the kind of help that CETA can give. It would be a serious error to admit—to ignore, omit the needs of professional people in CETA.

The mayor spoke, for example, of police and fire here in Detroit. What good would it do to leave those who cannot be employed because the city does not have the money to hire them and replace them with others who are unemployed or underemployed.

To go further, we are also most anxious that there not be any limitation on the time for CETA. You've heard earlier of people who had 12 months, 15 months, 18 months, people who are still on the payroll after 3 years because there is no place here in Michigan for them to go to a job, but they are definitely in need of it. We've some anxiety, unless CETA becomes a cheap program, with the emphasis on doing a half job, because it's cheap instead of doing the real job.

Senator RIEGLE. Well, if I might just say, I agree with you, and you could almost label that under false economy, because if we cut corners too much, if you don't get the job done, you just have to get it done over and over again.

Ms. RIORDAN. Right. If you cheat on the training, you have not accomplished what your goal is. You should have saved the money and used it somewhere else. And in connection with that, it is essential that job standards and wages be maintained, that CETA not be a way to employ someone at lower wages to do what someone else should do.

The ripoff in the private sector, whereby the employer gets 50 percent of the wage as well as the opportunity of the new employee along with the problem of training the person is one which I concur with my brother UAW folks.

I'd like to add something that hasn't been said up until now, and that is: If we had our preferences, we would make at least the large city schools prime sponsors. Recognizing the problems involved with that, I am not going to suggest it. What I am going to urge instead is that there be some kind of mandatory pass through, so that school districts will be able to use their expertise in training, and in developing the young people for the job market and in providing jobs and job training that will make people able to move from the public sector to the private sector and the public schools can do that particularly well. In some areas schools do that very well. In some areas of the country they are just ignored entirely.

In Detroit right now, we have approximately 75 substitute teachers on CETA funds. I don't know whether—what comes through at the same time, is that their total earnings will be somewhere at the best possible estimate, between $4,000 and $5,000, possibly $5,600 during

the entire school year, so that is not the kind of thing we really want to do. It is true, however, that those substitute teachers will move into full-time teaching positions, which is part of what CETA is aiming at.

One of the other concerns I'd like to mention is lead time, and Federal programs are famous for saying beginning tomorrow the program will be in effect and have your plans in 3 months ago.

Senator RIEGLE. And get back with your new plan in 6 months.

Ms. RIORDAN. Or perhaps have your new plan ready a year ago, because we want to review it before we agree to the original specs. But summing up: Expand CETA; continue it. Don't limit it to welfare. Let it be a real job training thing, which means schools will be involved in it and deeply involved.

Thank you.

[The joint prepared statement of Mr. Wright and Ms. Riordan follows:]

THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA)

Statement to the U.S. Senate Human Resources Committee,
Human Resources Subcommittee on Employment,
Poverty and Migratory Labor,
chaired by Senator Donald W. Riegle, Jr.,
February 17, 1978

by Malcolm Wright, Assistant to the President,
Michigan Federation of Teachers, and
Mary Ellen Riordan, President
Detroit Federation of Teachers

SUMMARY

I. Why teachers are concerned about unemployment

II. Recommendations

A. Continue compensating CETA participants at prevailing wage rates and with prevailing employment benefits.

B. Training

1. Use the public schools.
2. Adequately fund the programs.

C. Administration

1. Sub-contract to the school district.
2. Allow adequate time for planning.
3. Encourage advisory councils to be active.

MICHIGAN FEDERATION OF TEACHERS - 14625 GREENFIELD - DETROIT, MICHIGAN 48227 - 273-4800

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by Malcolm Wright, Assistant to the President, Michigan Federation of Teachers and Mary Ellen Riordan, President, Detroit Federation of Teachers

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The Michigan Federation of Teachers is an organization of 22,000 teachers and paraprofessionals, most of them in the Detroit metropolitan area. We are affiliated with the American Federation of Teachers and with the AFL-CIO.

Since we received notice that this hearing would be held today, I have been told that the U.S. Department of Labor and the Carter Administration have issued a lengthy list of recommendations for changes in the CETA Act. I have not seen this list and therefore have no reaction to it. My recommendations are in two main areas: The training aspect of the program, and the administration structure.

But first, I want to say a word about why we asked for the privilege of appearing before this Subcommittee. Teachers are concerned about unemployment, not only for themselves in a period of declining student enrollment in the public schools, but also because (1) in periods of high unemployment, taxpayers tend to vote "NO" in school millage elections, and also because (2) unemployment has a devastating effect on student motivation in the classroom.

There are various estimates that up to half or more of inner city youth beyond high school age are without jobs. This joblessness has an effect on the students still in school. When they see that their older brothers, sisters

and relatives who graduated from high school are without work, they question the value of education and the connection between studying and what will happen to them when they finish school. Absenteeism, apathy, disorder and violence in the schools are closely connected with unemployment. Secondary schools have become increasingly difficult places to teach in the past decade. The side-effects and problems of unemployment have thus become major problems for teachers, even though they are working. We wish to see that CETA programs more effectively tackle the program.

But we do not see any point to reducing unemployment among the youth at the cost of increasing unemployment among older adults. We caution against setting the young against the old. For this reason, my first recommendation is that you continue the present practice of compensating CETA participants at prevailing wage rates and with prevailing employment benefits. I urge that you resist recommendations to alter this practice. The proposition that you can put more people to work if you pay them less is not valid in the long run. It will simply take jobs from those who are already employed.

Training

There already exists an institution with many decades of experience, and a long history of success in training young people -- the public schools. Public school personnel are already involved in vocational-technical education, already have contacts with private business and industry, are already oriented toward preparing their students for private employment, and are a natural vehicle for CETA training programs. I urge that you consider the public schools for the greatest role, as the major center, of the CETA training programs.

In these training programs, I want to caution against the tendency to seek quickie approaches to solving long-range proglems. There is no quick and cheap way to bring about high quality training. Effective training programs require adequate investment. Private employers are repelled by the products of poor training programs. They will be attracted by workers who have had the benefit of carefully planned, adequately funded, programs.

Using the public schools as the CETA training vehicle will also help improve the holding power of the school. It will have a direct effect on the motivation problems of the students that I outlined earlier.

Administration

A prime sponsor for a CETA program is a municipal government agency or combination of municipal agencies, not a school district. Yet, many CETA projects involve school personnel. The Act permits the municipal agency to either work out a sub-contracting arrangement with the school, or to hire persons directly and send them into the schools.

I suggest you consider requiring that when CETA participants are put into schools, that a sub-contract arrangement with the schools be mandatory.

One of the complaints I hear about CETA programs is that there is often too little time between the day a prime sponsor is notified of a grant possibility and the deadline for submitting the proposal. This brief time period brings about hurried and poorly-conceived programs. There should be sufficient time for the plan to be prepared and submitted.

CETA programs are working better, I hear, where the advisory council is actively functioning, taking the time to critically review and evaluate the prime sponsor's proposals. The councils should be encouraged to function.

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Senator RIEGLE. Mr. Ginsburg just mentioned to me a provision in the program which relates directly to this just in terms of sort of a programmatic arrangement of the program.

Why don't you just state what you just said to me for the record and for them?

Mr. GINSBURG. Last year during the consideration of this legislation there were three comments on that. One of which was the youth employment and training programs. Within that subpart, subpart 3, the local education agencies were given a primary role in the coordination with the prime sponsor. That is, the prime sponsor had specifically come to an agreement with local education agencies as to how to provide services. And furthermore, a provision was made in the legislation, that not less than 22 percent of the programs must be for in school youth programs. So local education agencies again were given a primary role; so your point has been well taken.

Senator RIEGLE. At least insofar as that incremental step is concerned.

I heard what you are saying with respect to the program overall.

Ms. RIORDAN. We are very aware of that one. By the way, that most recent program is actually providing the Detroit public schools with approximately 50 percent of the moneys available. So in Detroit on that one we are doing beautifully. It's not true in many places in the country, however.

Senator RIEGLE. I want to try to think through with you one point that you emphasized in which the committee is struggling with and will continue to struggle with, that is: It's sort of when you are not—if this is a problem—when you've got people standing in line who are unemployed, who need work and it's a very long line and you can only take a small part of the line, the key question is: Do you change that situation? If that's the situation you are stuck with, who goes to the end of the line, who goes to the front of the line? I mean, how do you structure where somebody is in the line, who do you pull out, who do you leave behind? And that's an essential question, because I don't foresee any kind of an overnight national commitment to really step up, extend the resources and take everybody that gets in line. So we are left with having to, as much as we don't want to, to figure out some way to decide how the line gets advanced, who gets reached and who has to continue to wait.

Now, I want to think about the illustration with you that you mentioned about, say, the marriage partner of somebody who is presently teaching and who also wants to teach and who has the potential and interest, and so forth. That person being able to come in and compete for a vacant CETA slot in education versus somebody else whom we might just classify as hard core unemployed may or may not be a head of a household, but in most cases would be, whether female or male. I can't put my hand on the data, but I would suspect there are more heads of households now in that situation who are females than who are male.

Ms. RIORDAN. You are right.

Senator RIEGLE. But in any event, taking that situation, I'd like to understand better how you think we can best handle that problem of deciding how you share these limited job opportunities and how do we decide who participates and who waits and on what basis do

we make the judgment, for example, and on what grounds do we make it that we are going to take the other person in the marriage and give them the slot versus somebody else over here who may be a head of a household situation and who we are going to have to leave out if we take this first person? How do we really make that judgment?

Ms. RIORDAN. As a matter of fact, because of a variety of programs under CETA, I think the public schools are in an unusually able position to handle part of the problem that you speak of. And, again, I'll emphasize that CETA is a part of a much larger picture. By itself, there is no way that it can do the job.

The public schools, for example, especially with youth programs, are picking up and more so in large cities than elsewhere, are picking up those young people who would be left out. They are disadvantaged, they are unemployed, they have the fewest skills, they have the least to offer and are the most difficult to work with. And the youth programs which are being handled in some areas through public schools and some areas through other training programs, do indeed pick up the people of whom you speak. At the same time, I do not think that it is proper at all to leave out those who are either underemployed or unemployed, but not disadvantaged in terms of welfare recipients or welfare eligible individuals.

Our families, the family structure in the United States now is increasing, one in which it is not simple to say that because the husband is working, the spouse, the wife should not.

Senator RIEGLE. Plus there's an increasing number of situations where the wife is working and the husband isn't.

Ms. RIORDAN. That's true.

Senator RIEGLE. You get all kinds of variations.

Ms. RIORDAN. If the wife happens to be working as a teacher and the husband who is, perhaps, a factory employee at a lower skill level or different skill level in any field is certainly not to be penalized because he happens to have a wife who is working.

Senator RIEGLE. Well, you know——

Ms. RIORDAN. I haven't answered your question.

Senator RIEGLE. Well, no. I don't know that anybody can. But it is important for us to talk about it a little bit here, because the difficulty is, it's a kind of question that you can't answer, but you have to, because of the fact as you pointed out so well, because we will have just scaled down our approach to the problem so much that we are only dealing with a small part of the overall problem, that's why I was making such a point of emphasizing the larger framework, Humphrey-Hawkins, because if we don't get that, we are not going to have the mandate to expand CETA and have the other things we need so that in the end we reach everybody that's in line.

Let's, for the moment, leave aside the example of the husband and wife combination, and instead look at simply a head of household situation, where there's a single parent, whether a man or woman. It could be a displaced homemaker; it could be whatever. It seems to me one could make the argument that if we are not going to take care of everybody, if we are going to have to put somebody—have we got to figure out whether people land in the land, that something might be said for taking the situation where you've got a single head of household situation and maybe even take a look at the extent of where

there's additional responsibility, age of the parents, whatever that are in that situation and the person who is the only potential wage earner in a family unit be given some preference to a situation where you don't have that.

Now, I don't feel comfortable advancing the argument, except that we are starting with the premise that somebody is going to be left at the end of the line, and how do you in some way put some equity in the degree of sacrifice and the degree of deprivation?

Ms. RIORDAN. One of the serious problems we run into, when you are talking about that very problem, is the difference in the situation between Detroit and Houston, which was the example given.

In Detroit that individual is doubly penalized, in that there are no jobs to be had at any skill level for the number of people who desperately need jobs.

As far as I can make a judgment, and I haven't come up with a better answer and I don't like the one I am giving, the best that I can do is to say that we have to use some kind of proportion in thinking through and filling the slots that are the most essential to be filled. If I were to apply that to our schools, for example, we are filling slots for security personnel, desperately needed, at the same time we are filling slots for substitute teachers, desperately needed. Now, there are two different skill levels. The security guards whom we hire, however, must, because of the very nature of their work, have some—I hate to even use the word—but they must have some moral standards. They must have some real abilities and interest or they will be performing a disservice instead of a service in a very sensitive position.

Now, it's also true that in a place like Detroit, the great majority of professional semiskilled and unskilled are minority. We are one of those places where the minority is the majority.

Senator RIEGLE. Right. Of course, this all raises these other equal questions about the fact that you get these enormous disparities across the country, where the, you know, unemployed people are here and the job vacancies may be in Houston, so then the question is: Do you move the jobs, do you move the people, do you move some jobs and some people? We are so far away from being sophisticated enough nationally to make the corrections, the economic corrections and adjustments that are necessary and human, and just even from a self-interest point of view, because the country—if we don't fully employ our resources, whether it's plant equipment or whether it's human beings, I mean, we hobble ourselves, we give up, that degree of productivity and strength and quality and all of the things we might have and we subject ourselves to the shortfall.

You mentioned, and I thought very well, some of the spinoffs, the horrible spinoffs that come when you have in addition, just the fact that you are under utilizing your basic resources. But we are still far enough away from being able to orchestrate a national plan. In fact you can say it. It sends shivers up some people's backs. It's always the people that's working that gets the shivers, not the ones who aren't working when they hear that, but I think it is possible for us to construct an intelligent plan. It doesn't mean that it's run by Government czars, or some big sort of monstrous Federal Government initiative, but rather it's probably something very different than that. It's a variated strategy where you intelligently start spending your dollars dif-

ferently and you recognize that paying people not to work is dumber and less productive and less helpful than paying people to work. There are any number of fine novel ways we can find and different situations to enable people to be working and to be paid for working, where we can start reclaiming our human resources. It's not easy. The tougher the situation, the more the quality that you spoke about, in terms of efforts that have to be applied. It's going to take longer and more money and more support services to get the job done in the toughest situations than it is with somebody who maybe has good skills, maybe even has a college degree.

We heard about somebody the other day in the CETA program with a Ph. D. You know, that's a very different situation than somebody who has never been able to read and write sufficiently.

Let me, if I may, raise another question with you, because this came up in our hearings in Grand Rapids yesterday. And I know it's very popular for this to happen, but I think it gets said. I think we need to put it on the table and I think you ought to have the opportunity to respond to it and provide some input. And that is, it's being said by some that, "Look, one of the problems is that even after people come through school, say the 12th grade in school, that they are not, they don't possess the basic skills to even make them necessarily ready for training for job training." In other words, before this specific job skill training exercise can start with a certain number of high school graduates, there has to be a stage before that, which is a remedial stage that may bring somebody up from the 7th grade, 9th grade reading standard up to a 12th grade reading standard. And as a result that gives rise to the feeling on the part of the increasing number of people that I hear from that we are not getting the job done somehow, for whatever reasons from grades 1—kindergarten through the 12th grade, and as a result we are ending up not being able to take somebody that comes out of high school and plug them into a well-designed job training program because we have to go back and pick up a slice of the basic sort of educational work.

Now, I'd just like your own observation about how accurate you think that assessment is and what response you would have for it?

Ms. RIORDAN. The description that you have given is accurate in too many instances. It's obviously not true, but it's accurate in many instances, particularly among the graduates of our large cities, because the large city school districts——

Senator RIEGLE. Just a moment. Let's take a break. I am ready and the stenographer is ready.

Ms. RIORDAN. The question you have asked has to do with the kind of abilities in training, particularly the training that high school graduates have. And the problem here is one that will be covered as a different part of this big picture, I hope, when we are talking more about ESEA and some of the other Federal programs that are giving assistance.

I know, as an example, that in our Detroit public schools now there is a tremendous effort being expended as part of the desegregation order to give our young people, starting with kindergarten and in some instances preschool, all the way through the 12th grade in areas of reading and computation as well as other skills. They are short of those skills, and they are short in part because the school district has

been literally so financially starved that it has been unable to provide training.

And I'll give you just one example. Students learn by fits and starts. They appear to be on a plateau for a long time and then suddenly there's a spurt of growth, whether it's an ability to read or sudden understanding of the basis for computation for something or whatever it may be, or even the understanding of the ability to work with each other and there must be sufficient teacher time available at the moment the student is ready to make that move or the opportunity is lost.

In our Detroit schools, the opportunity is lost because of the size of our classes.

Senator RIEGLE. What is the average class size in Detroit now?

Ms. RIORDAN. The kindergarten through 4th grade has a maximum of 34 students, which automatically becomes the standard for those classes, including split grades, and there are teachers with grades 1, 2, and 3 in the same classroom, and 34 of them are grade 5 through 12. The maximum is 35, and again the maximum becomes the standard in most instances.

Senator RIEGLE. What should it be?

Ms. RIORDAN. Based on what other people tell us and based on our own experience, when we were able to use outside funds to reduce class size, the class size should be under 30, and in the primary grades should be somewhere around 25, if we are talking in the kinds of practical terms that we can deal with. Actually in the primary grades 15 would be better, but that is outrageously expensive in terms of the funds that are available.

Senator RIEGLE. And I take it that you've got some kind of a curve that works so that once you get to 25 and 26 and 27 students in a class, that adding one more has an effect, it's larger than just adding one more?

Ms. RIORDAN. Very much so.

Senator RIEGLE. You get sort of kind of chaotic.

Ms. RIORDAN. Very much so. It's the contact between individuals and particularly the problem of the teacher attempting to directly and personally interact with that many people. And if you would simply take the number and divide the minutes per day by the number of students, divide the minutes per day of the teacher's time, you see the problem.

Senator RIEGLE. As you well know the Elementary and Secondary Education Act is up for reauthorization this year.

Ms. RIORDAN. Oh, yes.

Senator RIEGLE. So we've really got to take a look at that as well.

I am wondering if what you are saying, in trying to lace it together, isn't something to the effect that maybe what we need to do, and especially in those schools where we have got target populations, that we see ending up in the structurally unemployed category, and we can sort of identify those areas, because there is an enormous racial component to it, because blacks and other minorities are the predominantly affected groups in terms of percentages in terms of unemployment. I am talking now particularly about young people, because I am thinking about that part of the unemployed that is coming right after the educational experience.

Maybe what that urges for is to say, that rather than wait until the educational process that can't work, because it's overloaded, pushes somebody out the other end of the educational process and into then the front door of the CETA program which then has to start over, and not only just has to do what CETA intends to do, but maybe sort of think about sort of packing in the educational process that didn't get done, but maybe what we need to do in those identifiable areas is to make up the difference in the beginning.

In other words, invest the additional resources where we know they are needed and view this as a continuum instead of viewing it as sort of segmented pieces of the process which it really isn't. View it as an entire process and that we are sort of in effect getting somebody ready for a lifetime of productive work and achievement in their personal life.

So rather than wait and try to dump in remedial dollars in the CETA program, take those same dollars and move them back to the earlier stage and plug it in in the educational system and beef it up in the areas where you know you are going to have the highest incidence of the system not working the way it should, and concentrate the dollars there in a much heavier way, whether that means reducing class sizes or what.

Now, I realize you'll run afoul of all kinds of arguments about equity and common sense, and this, that, and the other, but it seems to me—and those are all very hard to handle. I am not minimizing those—but it seems to me unless we get a much more rational handle on this problem, what's going to happen is, we are always going to be behind. We'll never get a lead on the problem. We are always picking a problem that's getting worse and trying to patch it up, and patch it up and that's crazy, but it's doubly crazy if we are talking about a human being and somebody's life, because, you know, we are living with the fact there's a kind of crippling process that's going on that we never faced up to in time to really salvage the best for that person that they can have in their lifetime.

Ms. RIORDAN. Senator, you are absolutely on target in the concerns that you have. But it is a piece of the entire picture. There is the essential expenditure of funds to get young people at the early grades when it is the easiest and cheapest to remedy.

Senator RIEGLE. I know that's right.

Ms. RIORDAN. At the same time, it is essential that those who are at high school level and whose opportunities as an adult, they are young adults at that level, will depend upon their job training and the availability of jobs will determine tremendously their attitudes toward whether or not they will apply themselves toward learning, whether there is any bit of enthusiasm that will get them across that hurdle. It's easier not to study than to study. Studying is awfully hard.

Senator RIEGLE. I found that very true myself.

Ms. RIORDAN. I find it true, too, and it's annoying, but it's true.

All of those things fit together. The ESEA and particularly title 1, the Humphrey-Hawkins bill, the CETA programs, I have only mentioned those three, because they are directly involved here, but all of those programs are essential and, as you know, all of those programs have been funded at less than authorized levels. The title 1, for instance, has never been funded at authorized levels.

Senator RIEGLE. Despite my vote to the contrary.

Ms. RIORDAN. And in Detroit, when you speak of target population, almost all of our schools fit the target population, along with having that tremendously high unemployment factor, which means we have the drop-ins causing the disruption in our buildings that we could certainly do without, but those people who are disrupting don't have anything else to do and it's warm inside. All of those problems are intertwined. CETA by itself isn't going to do it. It's only a piece, but let's not lose CETA.

Senator RIEGLE. No, no, by no means.

Let me ask you one other thing, and I appreciate your thinking with me about this and getting these thoughts on the record. As you size up the administrators at the Federal level that you are now dealing with, we've got a new Secretary of Education and Welfare, we've got a new President, we've got a new lineup of players, and they are still feeling their way, because they are new to the business and so forth, but we are a year down the road, so you have had a chance to get at least the first wave of predispositions, feelings, sensitivity, awareness, commitment, all these things that are crucial to whether or not we take what is a clear problem and start doing some new things about it.

I am just wondering how you size up where we are right now as you sort of measure the degree to which there has been a change of attitude, focus, emphasis, awareness, or et cetera, or hasn't there been? I am just wondering how you are feeling about what you are sensing coming out of that part of the Federal establishment at this point?

Ms. RIORDAN. There's a very definite positive change. It's almost unbelievable to have a President who proposes increasing amount of money to go into education as compared to a President who automatically vetoes educational funds. There's a dramatic difference, and it is a joy to behold. Unfortunately, the new President has not been able to find the money tree and is very much concerned about it, as all the Presidents must be.

Senator RIEGLE. Well, we are working on that, because some of us feel that maybe part of the money tree is over in the Penatgon. We need to sort of saw off a few branches and kind of come over and graft it on other places.

Ms. RIORDAN. We are very much aware of that, Senator. I did not say, and I would like very much to say, we appreciate this opportunity to talk to you. We particularly appreciate the time you've taken with us which is extraordinary in your schedule.

Senator RIEGLE. Well, you are kind to say that. I think what is important is, that what we have to do is we have to really concentrate on the job of public awareness and public education on these issues, because if we don't get them into focus and if we don't start putting the pieces together, not only the question of how does CETA fit into the larger sort of unemployment problem, but also it's important to find out if what's going on in Livonia does or doesn't square with what's going on in Pontiac versus what's going on here and what's going on in Flint. And yesterday we got a very good cross section experience out of the western side of the State, ranging from Grand Rapids up to the upper peninsula and so forth.

I think what tends to happen is, because everybody is so rushed and there is so much that has to happen, we've got to reauthorize ESEA,

and we are trying to do the same thing with CSA, and we are trying to do the same thing now with CETA, and other things. The problem is the process isn't designed to let us stop it long enough to try to integrate the pieces and figure it out in any kind of overall way. Not that these hearings can do that in a complete fashion, but I think they help us too.

Ms. RIORDAN. Yes.

Senator RIEGLE. It's about the only way I know to try to get the pieces together in some kind of coherent fashion, so that we can start trying to make these adjustments, and these improvements—that ought to be what we do when we authorize.

Ms. RIORDAN. Yes, Senator, so that at least individual Senators and others who are attempting the process will have the broad picture.

Senator RIEGLE. And get that from the grassroots level where it's all happening. It's not happening in Washington.

Well, we are delighted to have you here.

Ms. RIORDAN. Thank you very much.

Senator RIEGLE. The committee will recess for 30 minutes for a quick lunch break. I hope that will work.

What I would like to do is, I'll convene at 1:15 and if our panel is ready to go with Reverend Allen, with Mel Brennon, and with Mr. McGill and Mr. Salazar, I would like to start at 1:15 approximately with that panel, and I will start with those members that are here at that time.

If others are not quite here at that time, we will bring them in as we can.

Actually, let's do this: Let's make it 1:30. That provides 45 minutes. That's a little more reasonable. We will stand in recess until 1:30 and I'd like to begin, if possible, right at 1:30.

[Lunch break.]

Senator RIEGLE. Mr. Salazar, I understand you have a time problem, so you are ready to go, I think we'll take you first then.

Let me officially reconvene the subcommittee hearing and we are pleased to have on this panel four individuals, Rev. Roy Allen, who is the chairman of the board of the Greater Opportunities Industrialization Center of Metropolitan Detroit, Mr. Mel Brannon, executive director, Urban League of Flint, Mr. William McGill, chairman of the board, Communities United for Action, and finally Mr. Salazar, who is the executive director of SER Metro-Detroit Jobs for Progress, Inc.

Mr. MITCHELL. Senator, there is one change. Jim Brewer is representing Roy Allen. Reverend Allen is out of town.

Senator RIEGLE. I am informed that Jim Brewer is here, and Mr. Dan Mitchell of the GOIC, who is accompanying Jim Brewer, who will be here in Rev. Roy Allen's place. So Mel Brannon, I gather, is on the premises and will shortly be in and will be joining you gentlemen at the table.

Mr. Salazar, why don't you identify yourself for the record then and let us hear your statement and I would appreciate, by the way, to the extent that we can, so that we keep as much time for exchange back and forth, I'd like to ask you as much as it's feasible to try to summarize your testimony. I am going to put your full statement in the record, but to the extent that you can summarize it anyway, that would be helpful.

STATEMENT OF IGNACIO SALAZAR, EXECUTIVE DIRECTOR, SER METRO-DETROIT JOBS FOR PROGRESS, INC., ACCOMPANIED BY JIM BREWER, REPRESENTING REV. ROY ALLEN, CHAIRMAN OF THE BOARD, GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER OF METROPOLITAN DETROIT; DAN MITCHELL OF THE GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER; MEL BRANNON, EXECUTIVE DIRECTOR, URBAN LEAGUE OF FLINT; AND WILLIAM McGILL, CHAIRMAN OF THE BOARD, COMMUNITIES UNITED FOR ACTION; A PANEL

Mr. SALAZAR. My name is Ignacio Salazar. I am the director of the SER Metro-Detroit Jobs for Progress, Inc., located here in the city of Detroit. My testimony reads, to date, little information has been compiled on the plight of Hispanic Americans in the labor market in Michigan. They continue to experience high rates of unemployment, yet little has been written examining their particular situation.

According to the Michigan Employment Security Commission Research Division, Hispanic Americans in Michigan, as in other States, are overrepresented in lower skilled occupations characterized by high jobless rates and underrepresented in the higher skilled occupations, the white collar field in particular. The predominance of Hispanics in the blue collar positions, unfortunately, puts them in a more volatile economic position since these are the jobs more closely affected by changing economic conditions.

One characteristic specific to the Hispanic-origin population is the age of its members. Compared to the white population it is very young. Nationally, in 1976, 44 percent of all persons of Spanish origin were under 18 years of age, in contrast to only 29 percent for the white-only population. In Michigan because a disproportionate amount of the population is young, higher numbers are entering the labor market at the same time, for the first time. This has made competition for jobs much keener, and Spanish-speaking youths are faced with significantly higher unemployment. Many young people lack marketable job skills and job experience which makes it difficult to find employment. Furthermore, they experience discrimination due to their age and minority status.

The problems with language and education are interrelated. Low educational achievement could be the result of insufficient English language ability, while serious language problems could be the result of a limited education. Deficiencies in both disqualify many able Spanish speakers from participation in the labor market. These deficiencies limit job opportunities and stifle career growth. As a result, Hispanics are relegated to the lower paying jobs with less potential for economic gain.

In Michigan, to be effective in reaching the Hispanic community programs must deal with many issues: Hispanic demographics; stereotypes that affect employability; atttudes of Hispanics themselves, as well as those of the majority community; availability of appropriate training and recruitment, et cetera, et cetera, et cetera. The absence of both Hispanics and blacks in the more sophisticated professions is no doubt due to the failure of both groups to participate fully in the edu-

cation and training available to most whites. This is symptomatic of socioeconomic deprivation and indicates the greater problems that our society faces in the realms of education, housing, and economic opportunity.

The greatest problem facing the Hispanic community in this context is a dual one; lack of information about procedures at all levels, and inability to use the system at an optimum level. The bureaucracy as well needs to be kept informed for this desired level of participation to be reached, and it needs to be made accountable.

With the enactment of CETA in 1973, support for projects serving the Spanish-speaking dwindled as money was siphoned into programs designed for majority groups. Evidence of the disastrous results of CETA programs on the Spanish speaking comes from studies conducted by the National Research Council and the management information system reports published by the Department of Labor. Needed funds and services amounting to an estimated $109 million were cut under new priorities established by CETA, creating a drastic decline in aid for the Spanish speaking.

A further study conducted by SER under a Ford Foundation grant has also been instrumental in confirming these disturbing statistics. The information gathered showed that overall, the "most in need" clientele are now receiving less priority in manpower services than they did in the former employment and training delivery system. This problem has arisen partly from the CETA allocation formula which gives two-thirds of funds to the unemployed and only one-third to the poor, many of whom are Spanish speaking.

In addition, CETA's record of handling money demonstrates a lack of efficiency. For example, in 1975 CETA's programs spent only 56.4 percent of their $1.39 billion budget in services to their clientele. The worst track record of all, however, is held by the State manpower programs which spent only 34.6 percent of their budget for fiscal year 1975. In terms of productivity, these programs did not reach their full potential in serving their clientele. Given such a list of weaknesses in the CETA system nationwide and the overriding consensus that problems of Spanish-speaking people are severely ignored by current manpower programs, SER advocates a new course of action. To achieve a fair balance in funds and services for all Americans requires a redistribution of funds to programs which can address themselves to the problems of the Spanish speaking.

With over 12 years as a successful manpower program serving the Spanish speaking throughout the Nation, SER has had a dramatic impact in upgrading the job replacement rate for the Spanish-speaking community. Serving 73 percent Spanish speaking nationally, SER has been able to maintain a higher job training and placement rate. As one case in point, CETA's overall cost per placement in 1975 amounted to a staggering $7,943 while SER's cost evened out at a much lower $1,794 per placement. The cost benefit analysis is clearly evident in Michigan in that the placement rate of the three SER projects is over 85 percent.

SER is in a position to alleviate the plight of the Spanish speaking and to correct prior injustices. Maintaining a network of over 100 local community projects nationally, SER provides technical assistance in Michigan through the regional office located in Chicago, Ill., and the national office in Los Angeles, Calif.

In summary, I would like to state the following: One, nationally, under CETA, the Spanish-speaking population received less service than they did prior to CETA.

SER recommendation: DOL should increase its discretionary allocation of title III monevs to enroll Hispanic American clients to compensate for their drop. Additionally, titles II and VI in Michigan and nationwide are the most poorly represented.

Two, funds are not being allocated according to the latest data from the Bureau of Census.

SER recommendation: Funds should be provided according to the data of current population survey of the Bureau of Labor Statistics so that we can monitor the distribution of CETA funds with respect to equity for the Spanish speaking. Nationally there was an estimated 16.6-percent undercount in the 1970 census.

Three, in some cases Spanish speaking title I clients placed in jobs do not prefer their post-CETA employment relative to their pre-CETA employment.

SER recommendation: Data in the quarterly summary of client characteristics should be modified to monitor quality of training and placement to clients.

In addition, a recommendation should be drafted calling for the reallocation of the $109 million to the Spanish-speaking poor. There is no organization in the country better suited than SER to accomplish this task. It is community based, has been providing manpower services for over 12 years, and has an established nationwide network that can distribute the funds to those in need.

It is SER's position therefore that, given the overwhelming evidence of failure on the part of CETA to provide sufficient successful training and employment to the Spanish speaking, the Government should reconsider its allocation of funds and firmly support SER's struggle to aid the Spanish speaking through a reasonable combination of national and local funding. The problems facing the Spanish speaking are special. They deserve special attention and solutions.

In closing, let me state that the plight of the Spanish speaking in this country persists stubbornly even as new employment and training schemes are developed. A closer look at key inequities underlying these programs suggests for a careful examination of CETA. It has been highlighted through SER reports and research conducted under a Ford Foundation grant regarding the impact of CETA on the Spanish speaking that support for projects serving the Spanish speaking has dwindled.

Let me emphasize that I do not feel fundamental or racial changes are necessary to bring about the desired results in CETA. Through CETA, SER has had success and the Hispanic community has benefited somewhat in many areas of the country including Detroit. But there remains numerous gaps throughout the CETA structure that need to be reinforced through a vigorous involved Federal effort to insure equal participation. The time has come for serious consideration of the unique problems facing Hispanics in the country and this State. The problems they have will only become more serious and pervasive in the years to come.

Senator RIEGLE. Thank you for your testimony. Let me just ask you a couple of things, because I know you are under some time pressure. You will be free to leave if you wish to, and that is, we have got three

CETA programs in Michigan. We have one in Detroit, one in Saginaw, and one in Adrian, with a total, about a little over $2 million scheduled, as you noted, to be spent on these programs fiscal year 1978.

I am just wondering how much outreach are those three programs having. In other words, what would be your best estimate of what percent of the Spanish-speaking population we are reaching and getting to with those particular three programs?

Mr. SALAZAR. I would state, in the areas where you have the programs, that the outreach is good in those particular areas. For example, in the city of Detroit and Wayne County and in the areas of Saginaw and Adrian, I think the outreach in those areas is good, but that represents a small percentage of the total population in the State of Michigan. In Detroit SMSA there are over 75,000 people of Hispanic origin. We, when I say "we," only operate programs in Wayne County and the city, not in Oakland County or Macomb County, so to a large extent the needs of the Hispanic population of the State are not being met by the current programs that are in operation, and there are many individuals who could benefit by additional programs that we would offer, if we added the programs in other parts of the State.

Senator RIEGLE. I was impressed by the fact that you indicated that you were having a success rate of 85 percent in three projects in Michigan. What accounts for that, why? I mean, is there any particular thing that you are doing that's causing such a high rate of placement and successful placement?

Mr. SALAZAR. The programs we offer basically are a comprehensive approach to the delivery of services to the Hispanic population in those areas. In other words we are responsible for the recruitment, the intake, the assessments, the training, the placement, counseling, it's the total approach towards delivering service to the Hispanic population. In areas where this is not so, where other agencies or SER, for example, is dependent on other agencies for the recruitment of individuals, for the job placement of individuals, we show that the placement rate, the overall retention rate, the attrition rate is much higher, so in that we have a staff that is bilingual, it is attuned to the needs of the Hispanics, we are better able to provide the services that are special in these particular situations.

Senator RIEGLE. Well, that makes sense to me. What kind of jobs are you finding, are these primarily in the private sector or what, what are you moving?

Mr. SALAZAR. Yes, unsubsidized employment.

Senator RIEGLE. How are you making the connection with the private employers? Is it because you do a good job of identifying and training your prospects or you've got an especially good relationship with employers? Help me understand a little better that end of the equation in terms of what kinds of jobs you are moving your trainees into and what your sense for that experience is?

Mr. SALAZAR. Let me give you an example, Senator. One of your employees in Livonia, Judy Ariaz, is a SER graduate. She was in our program last year. We offer programs in the clerical field, in English as a second language, in that many individuals are monolingual in the Spanish language, are not sufficient bilingually to become marketable, we offer areas in the alternative education, in advanced education. We have on-the-job training programs; we work continuously with busi-

ness and industry in this area through a group of individuals. We have our own job development component that is making that contact to promote the acquisition of Spanish language heritage individuals into the employment sector. This we feel is the most effective way of dealing with the needs of Hispanics in the State.

Senator RIEGLE. Well, I appreciate very much your testimony. I think you make a very good point, too, about getting more up-to-date sensitive data to work with, because I know there was an undercount. I am convinced in my own mind, there was an undercount in the numbers and that obviously works a hardship. I appreciate your testimony today. If we have got further questions that we want to pursue, I'll get those to you and have you answer those for the record.

Mr. SALAZAR. Thank you very much.

Senator RIEGLE. I appreciate your coming.

[The prepared statement of Mr. Salazar follows:]

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CETA AND THE SPANISH SPEAKING IN MICHIGAN
TESTIMONY BY IGNACIO SALAZAR, EXECUTIVE DIRECTOR, SER, METRO-DETROIT
JOBS FOR PROGRESS, INC.
FEBRUARY 17, 1978

To date, little information has been compiled on the plight of Hispanic Americans in the labor market in Michigan. They continue to experience high rates of unemployment, yet little has been written examining their particular situation.

According to the Michigan Employment Security Commission Research Division Hispanic Americans in Michigan, as in other states, are overrepresented in lower skilled occupations characterized by high jobless rates and underrepresented in the higher skilled occupations, the white collar field in particular. The predominance of Hispanics in the blue collar positions, unfortunately, puts them in a more volatile economic position since these are the jobs more closely affected by changing economic conditions.

One characteristic specific to the Hispanic-origin population is the age of its members. Compared to the white population it is very young. Nationally, in 1976, 44 percent of all persons of Spanish-origin were under 18 years of age, in contrast to only 29 percent for the white-only population. In Michigan because a disproportionate amount of the population is young, higher numbers are entering the labor market at the same time, for the first time. This has made competition

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for jobs much keener, and Spanish-speaking youths are faced with significantly higher unemployment. Many young people lack marketable job skills and job experience which makes it difficult to find employment. Furthermore, they experience discrimination due to their age and minority status.

The problem with language and education are interrelated. Low educational achievement could be the result of insufficient English language ability, while serious language problems could be the result of a limited education. Deficiencies in both disqualify many able Spanish speakers from participation in the labor market. These deficiencies limit job opportunities and stifle career growth. As a result, Hispanics are relegated to the lower paying jobs with less potential for economic gain.

In Michigan, to be effective in reaching the Hispanic community programs must deal with many issues: Hispanic demographics; stereotypes that affect employability; attitudes of Hispanics themselves, as well as those of the majority community; availability of appropriate training and recruitment etc., etc., etc. The absence of both Hispanics and blacks in the more sophisticated professions is no doubt due to the failure of both groups to participate fully in the education and training available to most whites. This is symptomatic of socioeconomic deprivation and indicates the greater problems that our society faces in the realms of education, housing and economic opportunity.

The greatest problem facing the Hispanic community in this context is a dual one: lack of information about procedures at all levels, and inability to use the system

at an optimum level. The bureaucracy as well needs to be kept informed for this desired level of participation to be reached, and it needs to be made accountable.

With the enactment of CETA in 1973, support for projects serving the Spanish-speaking dwindled as money was siphoned into programs designed for majority groups. Evidence of the disastrous results of CETA programs on the Spanish-speaking comes from studies conducted by the National Research Council and the Management Information System Reports published by the Department of Labor. Needed funds and services amounting to an estimated $109 million were cut under new priorities established by CETA, creating a drastic decline in aid for the Spanish-speaking.

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In addition, CETA's record of handling money demonstrates a lack of efficiency. For example, in 1975 CETA's programs spent only 56.4% of their 1.39 billion budget in services to their clientele. The worst track record of all, however, is held by the State manpower programs which spent only 34.6% of their budget for FY'75. In terms of productivity, these programs did not reach their full

potential in serving their clientele. Given such a list of weaknesses in the CETA system nationwide and the overriding condensus that problems of Spanish-speaking people are severely ignored by current manpower programs, SER advocates a new course of action. To achieve a fair balance in funds and services for all Americans requires a redistribution of funds to programs which can address themselves to the problems of the Spanish-speaking.

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In summary, I would like to state the following:

1. Nationally, under CETA, the Spanish-speaking population received less service than they did prior to CETA.

SER Recommendation

DOL should increase its discretionary allocation of Title III monies to enroll

Hispanic American clients to compensate for their drop. Additonally, Titles II and VI in Michigan and nationwide are the most poorly represented.

2. Funds are not being allocated according to the latest data from the Bureau of Census.

SER Recommendation

Funds should be provided according to the data of Current Population Survey of the Bureau of Labor Statistics so that we can monitor the distribution of CETA funds with respect to equity for the Spanish-speaking. Nationally there was an estimated 16.6% undercount in the 1970 Census.

3. In some cases Spanish-speaking Title I clients placed in jobs do not prefer their post-CETA employment relative to their pre-CETA employment.

SER Recommendation

Data in the quarterly Summary of Client Characteristics should be modified to monitor quality of training and placement to clients.

In addition, a recommendation should be drafted calling for the reallocation of the 109 million dollars to the Spanish-speaking poor. There is no organization in the country better suited than SER to accomplish this task. It is community based, has been providing manpower services for over 12 years, and has an established nationwide network that can distribute the funds to those in need.

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combination of national and local funding. The problems facing the Spanish-speaking are special. They deserve special attention and solutions.

In closing, let me state that the plight of the Spanish-speaking in this country persists stubbornly even as new employment and training schemes are developed. A closer look at key inequities underlying these programs suggests for a careful examination of CETA. It has been highlighted through SER reports and research conducted under a Ford Foundation grant regarding the "Impact of CETA on the Spanish Speaking" that support for projects serving the Spanish-speaking has dwindled.

Let me emphasize that I do not feel fundamental or radical changes are necessary to bring about the desired results in CETA. Through CETA, SER has had success and the Hispanic community has benefited somewhat in many areas of country including Detroit. But there remains numerous gaps throughout the CETA structure that need to be reinforced through a vigorous involved federal effort to ensure equal participation. The time has come for serious consideration of the unique problems facing Hispanics in the country and this state. The problems they have will only become more serious and pervasive in the years to come.

Senator RIEGLE. Let me welcome Mel Brannon to the witness table. Mr. Brewer, why don't we hear from you next.

Mr. BREWER. Yes, thank you very much, Senator Riegle. Certainly you have our testimony. I will not attempt to go through that but merely to highlight some of the points and leave time for questions.

Reverend Allen wishes to convey to you his pleasure in having these hearings and giving OIC an opportunity to speak before your committee, and certainly Reverend Sullivan conveys the same message.

I guess we want to deal with certain kinds of issues, and the first issue we want to talk about is the fact that we feel as if the poor, who are supposed to benefit primarily from CETA, are not majorly benefiting from the program. We say that because the emphasis is on title VI, the Carter stimulus package. The money is not getting down to title I, for classroom training, and those individuals who benefit usually from title I are those individuals who are poor, and certainly those individuals who are uneducated and who need the help.

We think that title VI, wherein it is a good program, does not lend itself to those folks who are uneducated and unskilled, but the VI more or less lends itself to those individuals who have some sort of skill, therefore, the first concern that we have, Senator, is the fact that the money is not getting down to the people who it is primarily geared to serve.

Secondly, we think that the fragmentation of services as presently structured by the prime sponsors is not in the best interest of the participants. We think that the prime sponsors look at comprehensive as taking a survey and putting bits and pieces of programs together. Whereas one program might be doing intake, another group might be doing recruitment, somebody else might be doing training and somebody else might be doing placement. There's no accountability for those individuals who are going through the system. What you have is a circumlocution of services going around, with one program responsible for this and somebody else responsible for that. The individual really doesn't receive the needed services, because he's just shuttled back and forth through what I call a train of ineptness. Those individuals who are in need are not getting the kind of services we think they should. The comprehensive system should be within one program where you do your own outreach, where you do your own intake, where you do your own enrollment, where you get involved with the training, where you get involved in placement activities and follow-up. We think, then, that we could pinpoint those areas in which you could operate, be accountable, and be of demonstrated effectiveness.

Thirdly, we wanted to look at the issue of stipends. We think that when you talk about just giving an individual $2.65 an hour for just being in attendance is not in the best interest of the individual. That process continues to perpetuate the welfare syndrome. It does not build in what we think is industry and a sense of pride, worth, and productivity. We think that what needs to be done with that situation is to create a stipend process where you build in merit, where you create an incentive, and where you talk about the individual gaining some dignity and worth in terms of enhancing his own livelihood.

Fourth, we think that the community-based organizations, such as OIC, and particularly in the State of Michigan, have no real involvement in the decisionmaking process as it relates to manpower pro-

grams. Although the law states that a community-based organization, and OIC is the lead designee in the CETA law, should be consulted and a part of advisory councils, whereas we may be represented on the councils, we have no real vote. The only thing we can do is ask questions or give some insight, and that may or may not be heard. We think that the law needs to be strengthened to protect the community-based organizations. In the youth legislation under title III there is some discussion about at least involving the community-based organizations. We would certainly recommend that that same kind of language be incorporated into CETA titles I, II and VI situations.

Fifth, we think that the funding situation as it presently exists, Senator, to say it is a nightmare would probably be understating the situation, it is so inept. It is so full of inconsistencies. For example, OIC's in Michigan are asked to start programs with no money to start the programs. The advance does not come, we then have to pay for salaries and pay for the operation of the organization, so in order to do that, you have to go out and borrow some money. When you borrow the money from a lending institution, there is interest. The CETA regulations do not allow you to add that interest to their costs. That becomes an added burden on the OIC. But then the whole planning process, as far as the flow of the money is concerned, becomes defeating.

Programs cannot start on time with no money. Unfortunately they have to wait, and as they wait, funds accrue, and as funds accrue, there is a need for reprograming, remodification, replanning, and that happens over and over again. By the time you get the program started, the project time is halfway finished, so you have no successes. In reality it is a proliferation of poor performance. I guess one of the questions you want to ask is: What is good about CETA? CETA could be very good. One of the things that's definitely good about CETA is that it is creating jobs for manpower planners such as myself and it gives us an opportunity to at least earn a living; that's one of the good things. It has created jobs for manpower planners and technicians. It is also good for it is a fact that it is helping the city services in terms of getting them some additional resources. It does bring about a dialog with the community, such as this meeting where at least one is able to have some discussion and to put forth our points of view which may change some needed regulations.

We would hope that one of the things that you would definitely consider would be adding training, not only to title I, but also to title VI; that the law would allow for funds to be set aside to deal with the very poor and the structurally unemployed, the AFDC, and welfare recipients; that comprehensive services and accountability for delivery of services of programs of demonstrated effectiveness become part of the law, that a system of incentive payments be incorporated, and that the law be strengthened to protect all community-based organizations.

We would like to see CETA expanded for at least a 2-year period, where you would not get caught into the allocation of short-term funding, where by the time you get the project started the project is over. We would hope that something could be done where we could incorporate the payment of interest on loans as an allowable cost.

We think that the evening program needs to be instituted so that we could upgrade individuals and move those individuals into higher levels to create some other opportunities for less skilled individuals.

Lastly, that CETA funds go to community-based organizations of demonstrated effectiveness helping them to work with business, industry, colleges, universities rather than giving subsidies to those basic institutions at the loss to CBO's.

Mr. Chairman, we want to thank you very much for giving us an opportunity to make this presentation. We certainly will respond to any questions that you may have.

[The prepared statement of Mr. Brewer follows:]

GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER
OF METROPOLITAN DETROIT

1565 Oakman Blvd.
Detroit, MI 48238

ABSTRACT OF

"TESTIMONY BEFORE SENATOR RIEGLE AND HIS COMMITTEE"

on

THE COMPREHENSIVE EMPLOYMENT & TRAINING ACT

by

James A. Brewer

February 17, 1978

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Mr. Chairman, the essence of my remarks focuses on basic issues related to CETA. The first issue concerns itself with the fact that the poor for whom CETA was intended are not receiving the primary benefits. The primary benefits as seen by OIC are training and job opportunities. Whereas Title VI provides for job opportunities, the skills required to obtain Title VI jobs are beyond the skills possessed by the poor, uneducated members of our society. Title I, which deals primarily with classroom training, as a result of Title VI, has been reduced, hence once again the poor have less opportunity for skills acquisition.

Secondly, the fragmentation of services with Prime Sponsors politically handing out bits and pieces of services is not in the best interest of the poor minority inner city participant. There is no accountability in the fragmented approach labeled "comprehensive," hence maximum utilization of resources and cost effectiveness is not being maintained.

Thirdly, the practice by which stipends are issued further perpetuates the welfare syndrone and leads to a dependent society rather than creating one where industry and productivity are paramount.

Fourthly, Community Based Organizations (CBO's) such as OIC, have no real voice in the decision making process. The law has allowed Prime Sponsors to whimsically perpetuate ineptness for their own growth and development and not that of the poor. The review process for resolving differences on the local level is extremely weak and does not insure justice, nor domestic tranquility. CBO's are at the mercy of the Prime Sponsors and mainly the manpower planners who make political decisions rather than service-oriented decisions.

Fifthly, the funding situation is a fiscal nightmare which produces proliferations of poor performances. The constant accrual of funds, the requests for constant budgets, proposals, modifications, reprogramming and replanning virtually eliminates any mode or means of success. There is no justice in the flow of cash. Only a few CBO's can survive the constant starvation strategies. Interest on loans are not an allowable cost, yet CETA forces that upon you.

What is good about CETA? It does provide jobs for those who have some skills, it has created another department, hence manpower (employment and training) has become a profession, it forces dialogue within the community and it does provide the political forces with additional resources.

Recommendations (succinctly stated)

1. That training become a part of Title VI in conjunction with Title I.
2. That the law state that funds must be set aside to assist the long term unemployed, AFDC and welfare recipients.
3. That comprehensive services and accountability for delivery be given to CBO's of demonstrated effectiveness.
4. That a system of incentive payments be incorporated in the payment of the stipend process.
5. That the law be strengthened to protect all CBO's and make the manpower planners (Prime Sponsors) be accountable for their action.
6. That CETA be expanded to cover a minimum of a two year allocation.
7. That interest paid on loans associated with CETA be an allowable cost in the CETA fiscal process.

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8. That evening programs be instituted to upgrade the underemployed.
9. That CETA fund CBO's of demonstrated effectiveness to work with businesses, industries, colleges and universities rather than subsidizing them at the expense and demise of CBO's.

Mr. Chairman, thank you for the opportunity to state our point of view.

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DEAR SENATOR RIEGLE AND OTHER DISTINGUISHED MEMBERS OF THE PANEL. MY NAME IS JAMES A. BREWER, EXECUTIVE DIRECTOR OF THE GREATER OPPORTUNITIES INDUSTRIALIZATION CENTER OF METROPOLITAN DETROIT. GOIC, AS WE ARE OFTEN CALLED, IS A COMPREHENSIVE COMMUNITY BASED ORGANIZATION ENGAGED IN EMPLOYMENT AND TRAINING FOR THE EXPRESS PURPOSE OF ENHANCING EMPLOYMENT OPPORTUNITIES FOR THE POOR, UNEMPLOYED AND UNDEREMPLOYED OF OUR COMMUNITY. REV. ROY A. ALLEN, SR., WHO SERVES AS OUR BOARD CHAIRMAN HAS ESTABLISHED AS OUR MISSION THE IMPROVEMENT OF THE QUALITY OF LIFE FOR OUR PARTICIPANTS, HENCE IMPROVING OUR COMMUNITY.

GOIC RECEIVES EIGHTY-FIVE PERCENT OF ITS FUNDS FROM CETA. CETA, THEREFORE, IS VERY CRITICAL TO OUR EXISTENCE. MR. CHAIRMAN AND WE ARE VITALLY INTERESTED IN TESTIFYING BEFORE YOU ON CETA. THE SECOND AND PROBABLY MOST IMPORTANT REASON FOR US TO SPEAK BEFORE YOU IS TO SPEAK ON BEHALF OF OUR PARTICIPANTS: THE POOR, DISENFRANCHISED WHO SELDOM HAVE AN OPPORTUNITY TO EXPRESS THEIR POINTS OF VIEW ON HOW CETA IS AFFECTING THEM.

WE ARE GRATEFUL, MR SENATOR TO YOU AND YOUR COMMITTEE FOR ALLOWING US THIS OPPORTUNITY. THE MAJOR ISSUE IS THAT THE BULK OF THE MONEY THAT HAS BEEN EARMARKED FOR THE POOR IS NOT

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GETTING TO THE PEOPLE WHO SORELY NEED BOTH THE FUNDS AND THE SKILLS DEVELOPMENT.

SEVENTY-FIVE PERCENT OF OUR PARTICIPANTS ARE FEMALE HEADS OF HOUSEHOLDS WITH ONE OR MORE CHILDREN, AVERAGING TWENTY-EIGHT YEARS OF AGE, HAVING COMPLETED HIGH SCHOOL OR ITS EQUIVALENCY WITH NO MARKETABLE SKILL.

EIGHTY-FIVE PERCENT OF ALL OF OUR ENROLLEES ARE ECONOMICALLY DISADVANTAGED WITH FIFTY PERCENT RECEIVING AFDC. TWELVE PERCENT RECEIVING OTHER FORMS OF PUBLIC ASSISTANCE. ONE HUNDRED PERCENT ARE IN NEED OF A JOB. MOST OF OUR PROGRAMS IN MICHIGAN SERVE THE INNER CITY POPULACE WHERE A LARGE PERCENTAGE ARE BLACK, BROWN AND NATIVE AMERICANS. THEY ARE HARDEST HIT BY UNEMPLOYMENT, POOR HOUSING AND INADEQUATE EDUCATION. THEY ARE MOST IN NEED OF CETA'S HELP. WE GIVE YOU THOSE FACTS, MR. CHAIRMAN, TO HIGHLIGHT WHO WE ARE, WHO WE REPRESENT AND HOW CETA DOES AFFECT US.

PRESENTLY THE EMPHASIS OF CETA IS ON PUBLIC SERVICE EMPLOYMENT TITLE VI. TITLE I OR CLASSROOM TRAINING HAS BEEN SLASHED AND PROGRAMS CUT. THE VERY ESSENCE OF SKILLS ACQUISITION HAS BEEN THREATENED BECAUSE OF AN ECONOMIC STIMULUS PACKAGE. WHEREAS THERE IS A NEED FOR ECONOMIC STIMULUS, THE NEED MUST BE INCORPORATED INTO A PROGRAM THAT ENSURES TRAINING AND DEVELOPMENT FOR THE PARTICIPANTS.

THEREFORE, THE FIRST RECOMMENDATION IS THAT CETA TITLE VI BE COUPLED WITH TITLE I TO ENSURE THAT CLASSROOM TRAINING AS WELL AS JOB PLACEMENT BE AN INTEGRAL PART OF THE PLAN. THAT THE REGULATIONS SPEAK TO SKILLS DEVELOPMENT UNDER TITLE VI AND THAT PROVISIONS BE MADE TO ENSURE THAT CLASSROOM TRAINING TAKES PLACE; THAT AS A BUDGETARY ITEM, MONIES BE APPROPRIATED TO FUND CLASSROOM ACTIVITIES UNDER TITLE VI.

THE SECOND CRITICAL POINT IS THAT TITLE VI MONIES DO NOT GET DOWN TO THE POOR PEOPLE. THE VERY STRUCTURE OF TITLE VI OMITS THOSE DISADVANTAGED PERSONS MOST IN NEED OF A JOB. THE PROPOSED REGULATIONS REALIZED THAT PERSONS IN NEED OF THE FUNDS WERE NOT RECEIVING THEM, THUS THE PROPOSED REGULATIONS (FED. REG. VOL 42, NO. 50, TUESDAY, MARCH 15, 1977) PROPOSES THE CREATION OF A SECOND TITLE VI PROGRAM REQUIRING THE PRIME SPONSOR TO USE ALL REMAINING FUNDS TO RUN PROJECTS FOR ONLY LOW-INCOME LONG-TERM UNEMPLOYED AND AFDC RECIPIENTS. MR. CHAIRMAN, I SUBMIT TO YOU THAT SUCH PROPOSAL HAS NOT TAKEN PLACE IN PRACTICE. SECONDLY, THE STATEMENT "ALL REMAINING FUNDS" DOES NOT ENSURE ANY SIGNIFICANT AMOUNT OF DOLLARS; FOR WHAT IF THERE ARE NO REMAINING FUNDS, THEN WHAT HAPPENS TO THE LONG-TERM UNEMPLOYED AND AFDC RECIPIENTS? SINCE CETA HAS ADMITTED THAT TITLE VI DOES NOT REACH THE POOR UNSKILLED, WE RECOMMEND THAT SPECIAL EMPHASIS BE DESIGNATED BY LAW

AND SO STATED THAT FUNDS MUST BE ALLOCATED TO SERVE THIS POPULATION AND THAT SUCH MUST BE ACCOMPANIED BY A PLAN WITH MAJORITY FUNDS SET ASIDE TO ASSIST THE POOR.

MR. CHAIRMAN, I NEED NOT TELL YOU WHO BENEFITS MOST FROM TITLE VI FOR I AM SURE YOU KNOW. YOU CAN REST ASSUREDLY THAT IT IS NOT THE POOR WHO DIRELY NEED IT. BELIEVE ME, IF THE POOR HAD THE FUNDS THEY WOULD STIMULATE THE ECONOMY, FOR THEIR NEED TO PURCHASE BASIC SUBSTANCES IS GREATER THAN THE NON-POOR.

THE THIRD CRITICAL ASPECT AS IT RELATES TO THE POOR IS THE FRAGMENTATION OF SERVICES THAT THEY ARE PRESENTLY RECEIVING. WHEREAS CETA STRESSES THE COMPREHENSIVE DELIVERY MECHANISM, PRIME SPONSORS HAVE SEIZED THAT POSITION TO FARM OUT BITS AND PIECES OF SERVICES TO MANY SOURCES REGARDLESS OF THEIR ABILITY TO DELIVER QUALITY PROGRAMS. WHEREAS THIS MAY BE POLITICALLY EXPEDIENT, IT IS NOT IN THE BEST INTEREST OF THE PARTICIPANTS. PRESENTLY PARTICIPANTS HAVE TO MAKE SEVERAL TRIPS TO DIFFERENT LOCATIONS BEFORE THEY CAN BE ENROLLED IN SPECIFIC PROGRAMS. AFTER ENROLLMENT, AGENCIES RENDER VARIOUS SERVICES TO THE PARTICIPANTS. THE AREA OF RESPONSIBILITY, THOUGH FIXED, DOES NOT ENSURE THAT A JOB IS THE ULTIMATE GOAL. HENCE CETA HAS TURNED INTO A CIRCULAR TRAIN WITH NO DESTINATION IDENTIFIED.

AGENCIES BLAME OTHER AGENCIES FOR NOT DELIVERING. THE TRAINING AGENCIES STATE THAT THE RECRUITMENT IS POOR, HENCE THE EXPECTED NUMBERS DO NOT ARRIVE.

ANOTHER HUE AND CRY IS THAT THOSE WHO ARE RECRUITED ARE NOT SUITABLE FOR THE SPECIFIC TRAINING GIVEN. THE PLACEMENT AGENCIES BLAME THE TRAINING AGENCIES FOR REFERRING TO THEM, UNQUALIFIED APPLICANTS WHO ARE NOT PROPERLY TRAINED. IN THE MIDDLE OF THIS IS THE PARTICIPANT GOING FROM PLACE TO PLACE AND ENDING UP BASICALLY WHERE THEY STARTED--UNEMPLOYED. THE ONLY THING THAT THE PRIME SPONSOR CAN SHOW IS LARGE NUMBERS OF PERSONS HAVING GONE THROUGH THE SYSTEM, BUT ONLY A FEW JOBS OBTAINED. NO ONE IS ACCOUNTABLE FOR THE TOTAL WELFARE OF THE INDIVIDUAL.

IT IS THEREFORE RECOMMENDED THAT AGENCIES BE GIVEN THE TOTAL RESPONSIBILITY FOR INCORPORATING THE COMPREHENSIVE APPROACH: THAT THEY BE MADE ACCOUNTABLE FOR THE SERVICES RENDERED AND IF THEY FAIL, NOT BE ALLOWED TO PARTICIPATE IN THE DELIVERY SYSTEM UNTIL THEY SHAPE UP THEIR PROGRAM. FRAGMENTATION IS A DISSERVICE TO THE POOR. WE ARE BACK TO THE OLD MDTA DAYS.

FOURTHLY, I WOULD LIKE TO SPEAK TO THE STIPEND PROCESS. GOIC IS IN FAVOR OF ENHANCING THE INCOME OF THE NEEDY. WE, HOWEVER, THINK THAT YOU DO INJUSTICE TO INDIVIDUALS WHEN YOU GIVE THEM MONEY WITH NO EXPECTATIONS OTHER THAN THAT THEY SHOW UP EVERYDAY.

THE REAL WORLD TALKS ABOUT PRODUCTIVITY, THUS GOIC RECOMMENDS THAT THE $2.65 PER HOUR RATE BE BUILT ON A GRADUATED MERIT SCALE. THAT FLEXIBILITY BE INCORPORATED IN CETA TO ALLOW PROGRAM OPERATORS TO DEVELOP A SYSTEM OF PAYMENT THAT BUILDS PRIDE, PRODUCTIVITY, AND MERIT INTO IT. NOT ONLY WOULD THIS BE COST EFFECTIVE BUT IT WOULD LEAD TO A SENSE OF INDUSTRY THAT IS SORELY MISSING AMONG SOME AMERICANS TODAY.

FIFTHLY, COMMUNITY BASED ORGANIZATIONS (CBO's) AS CONGRESS HAD INTENDED, ARE NOT CONSIDERED IN THE DECISION MAKING PROCESS. EVEN THOUGH CBO'S ARE CLEARLY SPELLED OUT IN THE LEGISLATION, THEY ARE OFTEN IGNORED AND OMITTED FROM THE PLANNING PROCESS. WHEREAS THE PROPOSED REGULATIONS REQUIRE THAT SUBGRANTEES AND THE PRIME SPONSOR WORK THINGS OUT BEFORE THEY GET TO THE RA, THIS IN REALITY IS MERELY ANOTHER BARRIER FOR THE CBO'S HENCE THE POOR CONSTITUENTS ARE AGAIN BEING DISSERVICED. USUALLY WHILE THE CBO'S AND THE PRIME SPONSOR ARE IN DISCUSSION, THE PLANS HAVE ALREADY BEEN APPROVED, DISSEMINATED AND ACCEPTED BY DOL, HENCE THE DIALOGUE BECOMES A MOOT ONE.

CBO'S ARE AT THE MERCY OF THE EMPLOYMENT AND TRAINING PLANNERS. WHEREAS CONGRESS MIGHT HAVE INTENDED FOR THE MONEY TO GET TO PEOPLE AND THE DELIVERS OF SERVICE, IT SURELY DID NOT INTEND FOR CETA TO BUILD ANOTHER BUREAUCRATIC STRUCTURE. EVIDENCE WILL

SHOW THAT PRIME SPONSOR'S MANPOWER BUDGETS HAVE CONTINOUSLY INCREASED. ONE WOULD THINK THAT SUCH ACTION WOULD INDICATE THAT MORE POOR PEOPLE ARE BEING SERVED. UNFORTUNATELY, WHAT IS HAPPENING IS THAT MORE STAFF ARE BEING HIRED TO RUN PET PROJECTS THAT SPRING UP FROM NO BASES. CBO'S OF DEMONSTRATED EFFECTIVENESS ARE NOT GIVEN DUE CONSIDERATION AND THEY ARE AT THE MERCY OF THE PLANNERS. RACISM, PREJUDICE AND BIAS INFLUENCES MANY DECISIONS. LOGIC IS NOT AN APPARENT REASON FOR ACTION.

PROGRAMS ARE NOT BEING EVALUATED PURSUANT TO CONTRACTS BUT WHEN THE FUNDS ARE LOW OR SOMEONE HAS A PET PROJECT THAT THEY WANT FUNDED, CBO'S ARE WHIMSICALLY CUT. BERRIEN COUNTY OIC IS A CLASSIC EXAMPLE OF THE ABOVE PROBLEM. THE PLANNERS DECIDED TO DO AN AUDIT ON A CONTRACT THAT HAD BEEN TERMINATED A YEAR AGO AND USED THOSE FINDINGS (UNSUBSTANTIATED CHARGES) TO TERMINATE THE PROJECT IN THE MIDDLE OF THIS FISCAL YEAR. THAT OIC SERVES 95% OF THE BLACKS IN THE COMMUNITY, BUT YET, THEY HAVE NO VOICE IN THEIR OWN DESTINY. MR. CHAIRMAN, CETA DOES NOT PROTECT THE POOR, THE MINORITY NOR THE CBO'S. WE HAVE NO RESOURSE.

IT IS RECOMMENDED THAT THE LANGUAGE BE STRENGTHENED REGARDING THE INVOLVEMENT OF THE CBO'S AS IT IS IN THE YOUTH LEGISLATION. FURTHER, BE IT RESOLVED THAT THE PRIME SPONSOR MUST

SUBMIT TO DOL AND THE CBO'S, THEIR FORMAL HEARING PROCEDURES TO RESOLVE DISPUTES BETWEEN THE PARTIES INVOLVED. THIS REQUIREMENT WOULD ENSURE THAT THE MECHANISM ON THE LOCAL LEVEL IS PRESENT. IT WOULD ALSO ENSURE THAT THE INFORMAL HEARING IS NOW A FORMAL ONE AND SHOULD CREATE A CLIMATE FOR BETTER COORDINATION (90.26). IT IS ALSO RECOMMENDED THAT IF THERE ARE ORGANIZATIONS WITHIN A COMMUNITY THAT HAVE TRACK RECORDS OF BEING ABLE TO DELIVER, THAT THOSE AGENCIES BE USED RATHER THAN THE PRIME SPONSORS ESTABLISHING SYSTEMS OF THEIR OWN. IT IS COST EFFECTIVE TO GET MAXIMUM UTILIZATION OF EXISTING RESOURCES.

THE SIXTH ISSUE, MR. CHAIRMAN, IS THE FUNDING SITUATION AS IT IS PRESENTLY BEING HANDLED BY PRIME SPONSORS UNDER CETA. TO SAY THAT IT IS A FIASCO WOULD BE STATING IT MILDLY. [illegible]DOM ARE ALL THE FUNDS BEING SPENT AS PLANNED, HENCE THE REPLANNING, MODIFICATION AND REPROGRAMMING IS A CONSTANT NIGHTMARE, COSTLY, NOT SERVICE ORIENTED AND DYSFUNCTIONAL. IT ALSO SERVES AS A DISCREDITOR FOR DELIVERS OF SERVICE AND CAUSES MANY PROBLEMS WITHIN THE COMMUNITY. THERE IS NOT ENOUGH LEAD TIME FOR PLANNING AND PROPER ALLOCATION OF FUNDS. CETA HAS BEEN IN EXISTENCE FOR FIVE YEARS YET EACH YEAR IT IS A REPETITIOUS INEPTNESS OF ENACTMENT. ALLOCATIONS ARE NOT GIVEN UNTIL THE LAST MINUTE,

HENCE PLANNING AND PROGRAMMING ARE POORLY DONE. STAFF SECURITY IS JEOPARDIZED WAITING TO SEE WHAT THE NEW FISCAL YEAR WILL BRING. BY THE TIME FUNDS ARE RECEIVED BY THE OPERATORS, THE FISCAL YEAR IS HALF OVER; ONLY A FEW PEOPLE HAVE BEEN SERVED AND MOST CONTRACTORS ARE UNDER-PERFORMING, HENCE NOT WITHIN THEIR CONTRACTUAL COMPLIANCE. BECAUSE MONIES HAVE ACCRUED, NEW PROGRAMS ARE REQUESTED TO BEGIN ONLY TO EXPERIENCE THE SAME INEPTNESS, INCOMPETENCE, FAILURE AND FRUSTRATION PERPETUATES CONTINUOUS SIMILARITIES.

IT IS RECOMMENDED THAT CETA BE EXPANDED TO COVER A MINIMUM OF A TWO YEAR ALLOCATION.

IT IS FURTHER RECOMMENDED THAT BUILT INTO THE CETA ALLOWABLE COST CATEGORY WILL BE INTEREST PAID ON LOANS BY CBO'S FOR THE MONEY THAT THEY MUST BORROW TO CONTINUE TO RENDER SERVICES TO THE PARTICIPANTS WHILE THE PRIME SPONSORS' MONEY IS FORTHCOMING.

IT IS RECOMMENDED THAT DOL REQUIRE THE PRIME SPONSORS TO SUBMIT THEIR PLANS SIX MONTHS IN ADVANCE; THAT DOL RETURN THOSE PLANS WITHIN THE TWO MONTHS AND THAT THE PRIME SPONSORS AND THE SUBGRANTS CONCLUDE THEIR NEGOTIATIONS THIRTY DAYS AFTER THE PRIME SPONSOR RECEIVES APPROVAL FROM DOL.

MR. CHAIRMAN, WE STRONGLY RECOMMEND THAT CETA ADDRESSES ITSELF TO THE FOLLOWING:

1) THAT EMPHASIS BE PLACED ON EVENING PROGRAMS FOR THE UNDEREMPLOYED. THIS WOULD ENABLE UPGRADING, THEREBY CREATING VACANCIES AT THE BOTTOM ALLOWING FOR LESS SKILLED INDIVIDUALS TO GET INTO THE LABOR MARKET.

2) THAT RATHER THAN CETA SUBSIDIZING INDUSTRY, THAT CETA REQUIRE THAT CBO'S OF DEMONSTRATED EFFECTIVENESS BE PARTNERS WITH INDUSTRY IN THE TRAINING BUSINESS FOR SPECIFIC JOBS. THIS POSITION WOULD PUT MORE MONEY INTO THE ECONOMY, LESSEN THE RISK OF INDUSTRY DISPLACING WORKERS AND CREATE A BETTER RELATIONSHIP BETWEEN INDUSTRY AND THE COMMUNITY.

3) THE SAME REFERENCE THAT IS MADE TO INDUSTRY IS ALSO MADE TO COLLEGES AND UNIVERSITIES WHICH ARE PRESENTLY BEING SUBSIDIZED BY CETA.

MR. CHAIRMAN, IN SUMMARY, WHAT WAS ATTEMPTED TO BE STATED WAS THAT CETA IS NOT BASICALLY REACHING THE PEOPLE. THE STRUCTURE, THE POLITICAL PROCESS AND THE FINANCIAL ARRANGEMENTS ARE NOT STRUCTURED TO BEST SERVICE THOSE WHO NEED CETA THE MOST. IF THIS IS TRUE, THEN THE INTENT OF CONGRESS OR THE WILL OF THE PEOPLE IS NOT BEING ADHERED TO. CETA ON THE WHOLE IS A GOOD APPARATUS, IT NEEDS TO BE STRENGTHENED; THE LEGISLATION IS NOT STRONG ENOUGH TO ENSURE THAT WHAT NEEDS TO BE DONE WILL BE DONE.

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WE THANK YOU FOR GIVING US AN OPPORTUNITY TO EXPRESS OUR VIEWS ON CETA. WE WILL CERTAINLY SHARE OUR GRATITUDE WITH REV. SULLIVAN REGARDING YOUR WILLINGNESS TO CONDUCT THESE HEARINGS AND ALLOWING OIC TO PARTICIPATE. IT IS ENCOURAGING TO KNOW THAT WE HAVE PERSONS CONCERNED ABOUT THE POOR IN OUR CONGRESS. TO YOU WE EXTEND OUR SUPPORT AND COMMITMENT TO MAKE CETA A BETTER PROGRAM FOR ALL.

Senator RIEGLE. Let me just raise one thing: First of all, I think you make a number of good suggestions and we are hearing one of the suggestions being made now by several witnesses, not just here today, but also in our hearings yesterday in Grand Rapids, so that you are not alone by any means in terms of some of the things that you recommend here today.

Can you give me some sense for how the program that you have working now is doing in terms of your own success rate and what you are experiencing in terms of placement and what's happening in that area?

Mr. BREWER. Basically the OIC program in Detroit, costs us approximately $841 to enroll a person. It costs us approximately $1,400 to train a person and it costs us approximately $2,400 to place a person. We have in contracts nearly $4 million. We have been able to place 81 percent of those who we trained. Of those individuals that we have been able to place, 76 percent presently are still employed.

Since 1972—when OIC first came to Detroit—we have been able to add to the economy of this city what we think is a significant amount of money totaling approximately $5,297,000. This gives us an approximate return on our dollars of more than 30 percent. We think from an investment point of view that that is a tremendous investment.

Senator RIEGLE. Give me a sense for how you select, what the selection process is in terms of who you take into this program.

Mr. BREWER. Prior to this year, when we talk about the fragmentation this is an example, OIC did it on recruitment, therefore, we could go out and get individuals who were in need. We recruited through word of mouth, we recruited through radio and television, we recruited through the church, through our clergy support committee, through business and through industry. Many times we would go out to the lines where industry would be advertising job openings, we would send recruiters out to sign people up. The recruiters would go to the pool halls, go to the laundromats, and places like that.

With the fragmentation of services, the recruitment is left in one contract to the AS. Please keep in mind that we are under two prime sponsors. One of the prime sponsors does the recruitment for us and sends individuals to us. We accept those individuals on the basis of first come first served. The other prime sponsor, allows us to do the recruitment, but still those individuals have to be certified by that particular prime sponsor. There is a delay in receiving participants plus a break in the individual's motivation process.

Senator RIEGLE. One of the questions that counsel is interested in, and I am too, and that is: The difference? Is there a measurable difference in the success rate between the ones you pick and the ones they pick for you?

Mr. BREWER. We certainly seem to think so. First of all, the motivation level is altogether different. The orientation, and the intake causes the participants to feel as if they are a part of the OIC program. We don't have statistics specifically on those that we have brought in for the fiscal year 1978. This is the first year that this has been in effect. We will be able to tell you by September what the effect is on our program. We do know that the number of persons that we are committed to place this year is certainly reduced. The fact is, it's approximately a 37-percent reduction as to what we have had in previous years.

Senator RIEGLE. Can you describe for me a little bit too about your relationship at the other end? In other words, your relationship with employers as you are ready to move your trainees into positions.

Mr. BREWER. Well, as you know, the OIC concept is one of dealing with industry from our national office all the way down to each local. Reverend Sullivan has a national industrial advisory council, and here in Detroit, on a local level, we have our own industrial advisory council which is comprised of 32 major businesses and industries. We work out a relationship with them. In addition to that, we have our own job development component that works very close with business and industry, we know in advance where and when there are jobs.

Our alumni association, individuals who are out there, immediately know when there are going to be openings. They call our agency and make us aware of the fact that there are jobs. We work very closely with business and industry through a formal process known as our industrial advisory council. They help us also with our curriculum. They make certain that those courses in which we are training are those courses that are certainly geared to meaningful employment.

Senator RIEGLE. I think that's a great strength of the AC program, because we had yesterday a witness in Grand Rapids—several witnesses—some indicated to us that CETA employees in some circumstances over there, were actually having—it was almost sort of a negative connotation attached to the fact they had been CETA employees—when they went out into the job market, and they were having, they felt rather than being necessarily a plus in terms of landing a job, that it was actually, maybe, working a minus.

It seems to me if that's so, so much of it depends on how close the connection is with the private sector job that somebody is going to move into, and whether or not, you know, the training is orchestrated, the relationship exists, the rapport is there to really make a nice clean transfer of somebody in that situation. One of the things that worries me is that I see parts of CETA where that doesn't exist.

Mr. BREWER. Definitely does not have all the necessary ingredients.

Senator RIEGLE. I have also seen situations, and I don't know whether this has been part of the OIC experience or not, but where somebody gets picked up and recruited on the front end and brought into the program, but you can't just take training by itself and have that work. In other words, there's some remedial aspects that have to be done, whether it's reading skills or writing skills or what have you. How do you address that particular part of the problem?

Mr. BREWER. We not only deal with remedial skills, but we also deal with career development skills and we recognize that individuals do not come into the program at the same level. So in addition to creating remediation and counsel situation, we enable people to go through our program at their own rate of speed. We test and we screen people in rather than screening people out. We are able to know where the strengths and weaknesses of the individuals lie and to give them the kinds of supportive services that they need.

Senator RIEGLE. Let me ask you this question, this is a much tougher question, and that is: We've got this big pool of unemployed people, ranging from those people who are basically pretty much set to go if they get matched to a job, if there is a job or not. I mean, all the way across the scale to the most difficult to employ person, who may need a

lot of remedial work, may need developmental work habits, and so forth. One of the problems that we run into is that there's a tendency, sort of an almost natural tendency to sort of skim off the top of the labor pool that's unemployed, those people who are easiest to sort of deal with and to slot and so forth, and a natural reluctance to reach way down into that group and get a hold of the person who's going to take the longest, going to have the highest fallout rate, and there's going to be the most need for remedial work and all the rest of it. I am just wondering how you handle that, because one of the problems here with dollar limitation, is you are not able to take everybody that you want to take, and you've got to make some selections, too. I am just wondering how you handle that, so that you are making some effort at equity in terms of spreading out these limited numbers of opportunities.

Mr. BREWER. Senator, as I indicated before, we deal with individuals at their own rate. As far as we are concerned, the law states that the individual can have 104 weeks of training, certainly, that gives us some latitude. We deal with individuals through adult basic education programs where individuals may come in with poor reading skills, we recognize that. As I indicated to you in my opening remarks, we want to get down to the people that most need CETA, so that we can certainly enhance the situation. The OIC concept is dealing with the "whole man." We realize that from a philosophical point of view that that's the person we want to reach, but from a functional point of view, we establish our program on an open entry, open exit situation. We don't believe in everybody graduating at the same time. We gear our program to individualized differences. It may take you 6 months, it may take you 16 months to get ready to go out on a job, but we allow that to happen. We don't have graduation in terms of a classroom situation. Individuals move into industry at their own rate, that is their graduation certificate, a job.

Senator RIEGLE. Just on the front end part of this, in terms of who gets in and who doesn't get in, I can appreciate the point in how long it takes to sort of handle a given person, but how do you make sure that you are really getting whatever you think is the right combination for the toughtest situation?

Mr. BREWER. Well, first of all, through our local board we have funds that the community raises that is not necessarily tied into CETA. The fact that CETA itself has certain restrictions limits our intake. We can go to—and I'll put quotes around this "the bottom of the barrel," so to speak, to bring people in. OIC has no limitations. There are individuals in our program who have dropped out of school in the eighth and ninth grade. Many come in through churches and other clergy support activities.

Now you say how are we assured that that happens? We bring the individuals into the program, we take on the responsibility as a local board commitment to make certain that those individuals get the necessary services. Just a visit to our program, Senator, will allow you to see that we have individuals there who can hardly read or write, people who have no skills, feel as though they have no opportunity for employment. We deal with those individuals on a very incentive and motivational level and in due time they make it.

Senator RIEGLE. But even in that case, and I have great faith in the program, and I have been a supporter of it, as you probably know, and

even somebody the pastor identified, you know, is somebody that's got more of a handhold than somebody that's not pastor identified, I mean if somebody is connected with the church or has somebody in a church that's got an interest in that person, they've got something going that's positive for them, and so that gives them something of an edge over somebody out there that we are never going to find unless we go and find them.

Mr. BREWER. Sure.

Senator RIEGLE. I am not saying that that's necessary in your program responsibility, but I am just wondering what is or isn't taking place with respect to the effort to go out and really find somebody that doesn't know how to make their way into the system?

Mr. BREWER. Originally the recruitment source of OIC gave us that flexibility, where we could go to pool halls, where we could go to wherever to bring those individuals in. When you fragment the system, Senator, you do begin to cream, because everybody now is looking for the immediate success.

What we are saying is that if you go back to the community-based organization doing their recruitment, and you make it a part of the law, as I stated in the recommendations, that the welfare recipients, that the AFDC persons, that those individuals who have been unemployed, and require that funds be set aside for them, then the mandate would be clear in dictating that those individuals must be served. We are talking about a significant segment. We could have a significant segment as a recommendation for those individuals who are the hardest hit by this situation. It would be my recommendation that programs would have to be accountable to see to it that this significant segment was served. But the only way you can have a program accountable, you would have to give that full, total services to them. On the other hand, if sombody else recruited them, they would pass the problem to the trainer, who would pass the buck to the placement unit who would say these individuals are not suitable for employment. No one would be accountable or responsible as the system presently works.

Senator RIEGLE. Well, I think we have got our finger on the key issue here. When the emphasis is on performance and statistics and you get rewarded based on how many folks you can process, the tendency is there to do the creaming, as you say, and maybe what we have to do is not only set those tough criteria that compel a certain kind of sharing in these slots, but maybe we ought to start counting two for one or something. In other words, if it's the counting system that's going to be the thing that sort of creates a skew, maybe if we are taking somebody who is in the least employable situation, bringing them in successfully into a job, the program ought to count for two individuals rather than one.

Let's somehow alter the scoring system so that we end up in some way, you know, giving weight and giving extra credit in cases where that's happening.

Mr. BREWER. OK. But the extra credit certainly would have to be a reward. You do not get rewarded, Senator, for good performance as CETA is presently operated. If anything, you may get penalized for doing too good a job. So the essence is to make certain that the rewards are there.

I would highly recommend that if you want to talk about a two-plus system, fine. I would hope, though, that the essence, the philosophy of CETA would encourage, and the law would so state that whether it's two for one or not, that a significant segment ought to be set up to deal with that poor population and that the enactment regulations would certainly make sure that that takes place.

Senator RIEGLE. Well, those are good points and I really appreciate your coming and presenting them.

Mr. BRANNON. Could I interject something before I forget it while we are on the subject, because I might not get it into the presentation?

Senator RIEGLE. Sure.

Mr. BRANNON. The line of questioning and some of the answers given are hitting a point that I want to make, because it brings back the argument and several points in that argument that we have conducted for the last four or five years of categorical versus comprehensive, and how do you define the two and how do you deal with them.

The point that the gentleman from SER who just left made about the unique—about client population that he serves and the comprehensive service delivery that could be given to the SER clients by the Spanish-speaking individuals, that same case and point can be made for OIC, Urban League, and other community-based organizations, because those organizations do have a special sensitivity to deal with their client population. We do have a special kind of feeling and expertise in dealing with our people and knowing what those people need and so forth.

The problem is: When we move from categorical, knowing that we have our set client population, there's a certain client population that feels that they have some allegiance and some alliances to OIC because of the minister that's in his church, and he knows he can get good treatment there, he knows that he will not be looked down and talked down in OIC, therefore, he moves through that process, and by the same token there are some that feel the same way about the Urban League, and they move through that process, therefore, the categorical approach is that each program can deal with his own client population a lot better than the total system can deal with his client population, therefore, we think that we get better results.

On the other side of the argument, though, is the last question that you asked, around planning for a certain client population, whether if that system was totally comprehensive, then the planning that's done within that system, say, that we will take whatever dollars that come into this consortium or this tri-county area and deal with the people who need it the most. If they are the individuals at the bottom of that ladder that you spoke of, then put the largest number of dollars into the pot to deal with that group that's on the bottom of the ladder, without the success ratios, without the glowing kinds of placement ratios and the completion ratios, if that is not a criteria. The criteria then is to deal with that lowest rung of the ladder, dejected, untrained, unskilled, unemployed individual, whatever it takes to get him employable. Knowing that your success ratios are not going to be as great as they would be by creaming off the top, then the Department of Labor would not put the emphasis on the success ratios as they are now, then we could have a completely different kind of evaluation system within

the process. You know, that argument between categorical and comprehensive, we can go on with it. We can make good points on both sides. Don't ask me how I feel about it, because I'll tell you, I am leaning more toward categorical, because I have worked under both systems and this other system is just stifling us.

Senator RIEGLE. Let me make one point here that I was making earlier today. I think you were here. I think the others of you were not at that time, and that is at the same time we are in the process of reauthorizing and redoing CETA, we also have Humphrey-Hawkins coming down the track for real, version No. 4, very different than versions 1, 2, and 3; it's a good package. We've got to get it passed and that in effect is a comprehensive framework in which now we want to try to address the problem of how we deal with everybody who is in the unemployment line, from the person who is the most employable all the way down the line to the person who is the least employable, and CETA is basically a component of this much larger picture that has to be constructed of how we deal with really everybody that's unemployed and the Humphrey-Hawkins concept that we have, its time phased and it's been altered in ways to sort of make it as palatable as possible to those people who have reflected even against the idea. But the long and short of it is that presumably with that kind of a program through CETA and through the other component elements, we are going to be able to categorize, if you will, in whatever form we need to, so that we make the differentiation between different client popalation, whether it's Spanish speaking, whether it's young black people in a major urban center, whether it's jobs are drying up generally, whatever it happens to be and we can come in and begin a process that's kind of tailoring the different initiatives it takes.

The reason I make the point is that Humphrey-Hawkins I think is really the key here to whether or not we are going to get out of this thing now what we really need to get. CETA by itself can't do it, and I agree totally with your point that we need a big expansion, but even if we expand CETA as much as we can, it still leaves off at some point and we still have some folks standing in line and something else has to be put in place.

I think right now we have got a real traffic jam in Washington. We've got the coal strike which is now dominating the news, and that's pushing the Middle East off the front pages for a few days, which has been dominating the news, which is still here and we've got a growing war in Africa between Ethiopia and Somalia, which is again starting to sort of push its way and taking more and more time and attention of our own Government. We've got the energy problem unresolved generally. I mean, that's still around. We've got the Panama Canal tying up the U.S. Senate for some number of weeks in the future, and the reason I make the point is if we don't get Humphrey-Hawkins done this year, despite the traffic jam, in other words I think it's going to take all the constituent groups in a coalition, I am talking about the UAW, I'm talking about the OIC, the Urban League, the whole range of activist organizations, and human problem oriented organizations which are going to have to decide to get behind Humphrey-Hawkins right now and make a major push, because the President has got a lot of things that he has to be concerned about and be distracted with, and I really think the time to do

this is now. We've got it coming through our committee. Our committee has jurisdiction in the Senate. I happen to serve on the other committee that also has joint jurisdiction. It's just been reported out by the House committee, and if we don't make a concerted push on that right now and get the framework in place around this thing, we are really going to miss the boat, which we can't afford to do. So I'm just taking a moment to emphasize that as we were emphasizing it this morning, because this is an area where you can help. I mean up through your national organizations and through your own constituency and other factions, but the point is: If one campaign promise is going to be kept, it better be this one this year, and if we don't get it this year, I am not sure it's going to be gettable next year in the same way.

Mr. BREWER. Senator, I agree wholeheartedly. The problem is that there will always be crises in the world, but we've got to deal with domestic tranquility and until we do something for home, everything seems to be more important than home. We've got to deal with unemployment.

Senator RIEGLE. Well I appreciate that.

Mr. McGill, why don't I take you next.

Mr. MCGILL. Senator, I would like to introduce Donald Wrench, who is executive director of the Communities for Action and he will kind of hold me up where I get some statistics wrong.

What we would like to propose, and I think it is the most important proposal that I will make, we are going to try to reinvent the wheel just a little bit. We are recommending, from the community action posture that we split the administration of the CETA Act. That we give titles II and VI to the Department of Labor, and titles I, the applicable portion of titles III and VII be administered by the Community Services Administration. These clienteles are different. Cities, counties, States, and municipalities are well suited to employ the cyclically unemployed. They are well suited to handle them. They boost the ongoing labor force and you don't have the problems like all of the problems attending to getting the structurally unemployed prepared to go to work.

In the political arena there isn't the amount of supportive services that are needed for the structurally unemployed. There is not the amount of empathy, there is not the amount of patience, there is not the amount of understanding, there is not the amount of really good humanity that it requires to move a person from a status of unemployment to a status of employment.

We hear the argument quite often that it costs too much money to bring the hard, hard-core disadvantaged up to a level of self sustainment; therefore we take those off the top and put them in, and our success ratio is always very good. If you would do a little analysis and ask yourself how much money it would take to make a hard-core unemployable person employable over against the amount of money that it would cost society to keep him on the welfare rolls forever, the amount of money that it would cost society to grapple with the other problems attendant to poverty—we have crime, we have dope, we have broken homes, we have many, many problems that are tied up to some degree with poverty, and if we could do that kind of analysis, I think we would agree that it might be a

good idea to get the structurally unemployed to a posture of employment.

One example that I could give to demonstrate a little better what I am saying. This summer the State of Michigan appropriated $10 million for a youth summer employment program. The money was split between the community action agencies and the Department of Natural Resources. The community action people spent practically all of their money. They enrolled practically 150 percent of their plan, because it's always a rush—you know, we've got to do this in 2 months. The Department of Natural Resources, as I recall, spent just about half of its money because they didn't have the mechanism in place to get these young people employed.

One other example we could allude to, we had some $13 million in Michigan recently for crisis intervention; that money was given to the Department of Social Services. When that program was over, practically half of the $13 million was unspent, because they didn't have the outreach potential; there was some advertisement on the radio and television, but people just didn't go. Oftentimes certain clientele will not go to the Department of Social Services, because they assume that that will make them poor. Community action agencies, like any number of other community-based organizations, have multi-dimensional programs. They have transportation, they have counseling, they have all of the kinds of programs that are needed or that a structurally unemployed person might need in order to bring him along from a state of unemployment to a status of employment.

I have several other points here, but I am going to highlight those I feel are most important. Most of them have been already touched upon just recently. I think Jim Brewer talked about other planning councils, how should that be structured and what that should do. We are requesting that the Department of Labor monitor strictly the structure of the operation and effectiveness and the accessibility to the planning council process. We are requesting that all people who may be subcontractors should have the same accessibility to the planning process and that these planning councils in spirit as well as in action attempt to carry out the CETA legislation and not attempt to keep in place the status quo. The lack of information, the lack of direction is often there. We give them very little information. We do what we want to, and nobody ever knows any difference.

One other thing I am going to say that might arouse one or two eyebrows is that I think the legislation should not be based strictly on geography when the clientele is disadvantaged. In the CETA legislation, oftentimes we have the fair share concept. Every municipality, every territory must have the amount that it should have. Many communities have very few disadvantaged people. Many communities who have them will not admit they have them, as a result many slots aren't filled. In certain communities where you have a high level of disadvantaged people, the slots are filled at once. In other areas, the slots are not filled and that money cannot be transferred readily to the other geographies where it is needed. We feel if you are going to serve the disadvantaged that your geography ought to be based on the location of disadvantaged people.

One other thing that we are recommending is that there ought to be a reduction in the number of prime sponsors, that their numbers

ought to be reached so that in a particular labor market you don't have all of these administrative setups and you don't have to spend so much for these setups. Prime sponsors are entities unto themselves without any relationship to the others. If you are going to have several prime sponsors in one particular labor market, there ought to be some overall coordination, and everybody gets the same information or the same information in a particular labor market is available to all of the prime sponsors. It is very possible that several people could get the same piece of information and plan and program, because of the information they have and produce an abundance of whatever there is and the need could be very very small.

Now, I have one little thing, I know the time is going, that I want to read in conclusion. I am saying that manpower can accurately be defined as a process of moving a person from a state of unemployment to a state of employment. This is a multi-faceted process. It includes training, as many stages as necessary to do the job, supportive services, counseling, apathy, sensitivity, understanding, patience, and a host of other human qualities for which local, political jurisdictions are not necessarily noted. In many areas, the CETA program has become a part of the civil service system. Everyone knows that that system maintains the status quo and it systematically excludes some groups.

If Congress wants a meaningful manpower program, Congress will have to place the operation of such program in a congenial environment.

Thank you for allowing me to talk.

Senator RIEGLE. I appreciate very much your points here as you have presented them.

[The prepared statement of Mr. McGill follows:]

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Summary

I - We are recommending that Titles II and VI of the Act be administered by DOL and Titles I and applicable portions of Titles III and VII be administered by CSA, and that when applicable priority be given to CAA's and other CBO's of demonstrated effectiveness as sub-contractors under Titles II and VI.

II - We are requesting that DOL monitor the structure, operation, effectiveness and accessibility of the Advisory Planning Councils. Sanctions should be imposed when the law is violated.

III - We are further recommending that there should be an open bidding process for all sub-contractors for the delivery of service and priority should be given to those agencies with a proven tract record. It should be mandated to sub-contract with CAA's and CBO's if recommendations #I cannot be realized. NOTE: These recommendations are positions taken by CAA's nationally.

IV - CAA's and CBO's should be allowed to certify their enrollees bypassing the employment service.

V - Prime sponsors should be given adequate time to put their program in effect and major new guidelines should not be made during the fiscal year.

VI - The CETA legislation should not be based on geography in titles that serve the poor and disadvantaged.

VII - We are also recommending that the number of prime sponsors be reduced and program agents should not exist.

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In Conclusion

Manpower can accurately be defined as the process of moving a person from a state of unemployment to a state of employment. This is a multi-faceted process. It includes training, as many stages as necessary to do the job, supportive services, counseling, empathy, sensitivity, understanding, patience, and a host of other human qualities for which local political jurisdictions are not necessarily noted.

In many areas, the CETA program has become a part of the civil service system. Every one knows that that system maintains the status-quo and it systemmatically excluded some groups.

If Congress wants a meaningful manpower program, Congress will have to place the operation in a congenial environment.

COUNTY OF WAYNE

OFFICE OF PROGRAM DEVELOPMENT AND COORDINATION

JAMES P. CURRAN, JR.
DIRECTOR

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RECOMMENDATIONS # 1: That the Department of Labor administer Titles II and VI of the Act, and that the Community Services Administration administer Titles I, applicable portions of Title III* and VII of CETA.

That locally, the prime sponsors of Titles II and VI of the Act be the state municipalities of 200,000 people, and urban Counties of 200,000 people and that the Prime Sponsors of Titles I, III*, and VII be community action agencies. Further, when applicable that the priority be given to community action agencies, or other community based organizations of demonstrated effectiveness, as sub-contractors under Titles II and VI.

* Portions of Title III as they apply to Summer Youth, Migrants and Indians.
* Portions of Title VII as they apply to Private Sector Jobs for the Economically Disadvantaged.

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Rationale # 1

EFFICIENT UTILIZATION OF FEDERAL FUNDS

A. Unnecessary Bureacracy

Prior to the New Federalism and the CETA legislation, manpower programs were contracted out directly form DOL to local community action agency boards of directors. Each board, comprised of representatives of the poor, a public sector, and a private sector, was directly responsible for the planning, monitoring, and delivery of services of the manpower program. After the advent of the New Federalism and CETA programs, we heard much about returning programs to the local communities rather than being administered by Washington. Implicit in this was the assumption that bureaucracy would be diminished, that local communities would have more control. This has not in fact been the case. Instead, a new bureaucracy has been created under CETA which is draining the taxpayers money at the expense of program delivery to the disadvantaged. Control has been removed from a local officials who have created yet another layer of bureaucracy to adminster CETA. This is true on the local as well as state levels and constitutes inefficient utilization of federal funds.

B. Efficient Use of CETA Funds by CAAS

One of the problems inherent in CETA programs lies in the fact, that most of the benefit goes to the cyclically unemployed at the expense of the structurally unemployed. One rationale often used to justify this practice, is the assertion, that the expense of training the structurally unemployed (disadvantaged) person is too great, is a burden to the taxpayer.

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We urge the Committe to seriously deliberate this issue. We contern, that funds expended to remove a person or family from poverty and the welfare rolls into the workforce represent a extremely efficient use of federal funds; contend that, over a period of time, these expenditures result in savings of the taxpayer.

To illustrate, we make an assumption of unrealistically high training costs, the sum of $8000 expended, over a period of two years, on training and support services to remove a structurally unemployed head of household from the welfare rolls into a productive job in the private sector. We ask that these expenditures be compared with costs incurred by a family remaining on public assistance for ten years, costs which include health care and the costs to government resulting from other problems (crime prevention, drug abuse, etc.) attendant with families in poverty.

Further, we wish to highlight one of the intrinsic strengths of programs administered and operated by CAAS, the diversity of services which can be afforded the client. CAA's offer a multi-dimensional approach to the client needs, in which CETA programs represent just one aspect. Because of this diversity, it is often possible to approach many of the problems affecting the client with services resulting in favorable termination from CETA Title I into either the work force, educational institutions, or advanced training. It is essential to compare favorable termination rates and job placement data with client characteristics, especially characteristics upon entry into the training program.

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It is our contention, that a close scrutiny of data, obtained from CAA operatied Title I programs, will clearly illustrate not only the wide range of clients served, the high rate of terminations into employment or other positive endeavors, but also the more than representative proportion of clients served from significant segments. Community action agencies neither have the resources nor the access to data required for a presentation to the Committee of a cost analysis which needs to be accomplished to dispel a prevalent notion; that funds spent for services to the structurally unemployed are an inefficient use of federal funds and a drain on the taxpayer. We maintain that the reverse is true. We would recommend that the Committee request data from the Department of Labor and the Community Services Administration on client characteristics (income level before entry, age, sex, race, and national origin) both Title I and Title II participants, as well as training costs per participant, job placement data, and income level after job placement. That these data be analysed for cost effectiveness. Further, we would recommend that the Committee request data from the Community Services Administration on client characteristics (as above) for program participants in the Dept. of commerce funded Title X programs operated by CAAS, to be compared with CETA Title I and Title II as well a Commerce Title X Program operated by municipalities, using data obtained from the Dept. of Labor and the Dept. of Commerce. That this data be analyzed for cost effectiveness analysis of training and supportive services costs which are necessary to remove a family from the ranks of the structurally unemployed and household be employed over a five year period. That the Committee compare

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these findings with the costs required to support over that same period, a family which has remained in poverty and on public assistance. We would further recommend, that the Committee, after following the above recommendations, determine an equitable distribution of CETA funds between the structurally and cyclically unemployed, with attention given to institutions utilizing federal funds to their maximum extent.

It is our contention that a close scrutiny of data will reveal that currently CETA benefits the cyclically unemployed at the expense of the structurally unemployed, that there is inefficient utilization of federal funds, etc. However, we recognize that a truly comprehensive employment and training program must serve the needs of the temporarily unemployed middle class citizen as well as the persons oppressed by generational poverty.

These objectives are not mutually exclusive and could be accomplished within CETA. It is necessary, therefore, to examine the nature, function and performance record of each institution charged with the responsibility of serving these objectives.

Institutionally, local municipalities are best equipped to be the prime sponsors of employment programs for citizens who are cyclically unemployed and do not need supportive services. Community action agencies, with a multitude of human service programs, are best quipped to serve those persons afflicted with generational poverty, the structurally unemployed. By the same standard, that particular federal department, which by its

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nature is best equipped to administer a specific Title of the Act, would be designated to do so.

The Department of Labor, by its nature and experience, is best suited to administer programs serving the cyclically unemployed; whereas the Community Services Administration, with fourteen years of experience in administering programs spanning the spectrum of human needs, is best equipped to administer programs serving the structurally unemployed.

If varying Titles of CETA were administered federally and sponsored locally by the institution best equipped to respond to the needs of the population to be served, all segments of the client population would be better served. Cooperation between municipalities, community action agencies, and other community based organizations would be strengthened, unnecessary layers of federal bureaucracy would be eliminated, and federal funds would be utilized in a more efficient manner.

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RECOMMENDATIONS # 2 : That the Department of Labor be required to monitor the structure, operation and effectiveness of CETA planning councils, and that proper sanctions be imposed when the councils are operating in violation of the Act.

That all sub-contractors have the same access to the planning process.

Rationale # 2

ADEQUATE MONITORING OF STRUCTURE AND OPERATION OF PLANNING COUNCILS

Prior to the New federalism and CETA, CAAS were strictly monitored by the Department of Labor for contract violations. This was good. But a strange turn of events has taken place. Violations of the CETA legislation and the Civil Rights Act are occurring with seemingly no action taken by the Federal Government. Within the rubric of CETA one entity designed to protect both the clients to be served and also the intent of the Congress is the planning council. There are documented instances of planning councils whose structure is violation of the Act, instances of removal of Chairpersons who disagreed with actions of the Prime Sponsor, Councils who do not have access to minimal information upon which to form judgements, etc. It is essential that these councils function in the manner intended by the Congress.

RECOMMENDATIONS # 3 : That there should be an open bidding process for all CETA contracts and sub-contracts for service delivery with special emphasis on institutions with proven record

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of effectiveness. That prime sponsors be required to sub-contract Title I, III and VII with CAA and other community based organizations with a proven record of effectiveness, if recommendation # I cannot be realized.

Rational # 3

OPEN BIDDING PROCESS FOR CETA CONTRACTS

For un-arguable reasons, the Federal government requires an open competitive bidding process for the purchase of commodities in most programs. This procedure of course protects both the taxpayer and the Congress form abuses which might arise form favoritism and financial irregularities. We maintain that the same process should apply to the delivery of services under CETA, and that there be an open process of bids from any and all institutions for contracts and sub-contracts for the delivery of services to CETA programs and CETA clients. Special emphasis should be given those institutions with track records of proven effectiveness in the delivery of human services. Proven effectiveness would include such factors as realistic costs per placement as well as qualitative placements.

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RECOMMENDATION # 4: That CAA's and Community Based Organizations that sub-contract from the Prime Sponsors be allowed to certify their enrollees by-passing the employment service.

Rationale # 4 :

CAA's and CBO's certifying their enrollees.

Many disadvantaged unemployed people do not go to the Employment Service. Having been turned away many times they say "why go". Like with disadvantaged people who are employed by prime sponsors, the employment service personnell usually do not have the sensetitity, patience and desire to work with the chronically hard-core disadvantaged. It is often said that they cannot find poor people. CAA's have no problem finding the people who fit the guidelines.

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Recommendation # 5: That prime sponsors be given time to put their plans in effect. That the contract with DOL remain in place for the entire fiscal year without major new guidelines.

Rationale # 5

Once a contract is signed by DOL and a Prime sponsor, DOL is free to change the condition of that contract at will. The rush to get people in place and show almost immediate results, lead prime sponsors to "cream", pick the best out of the lot and allow the generational poor to remain on welfare. With new youth money, and a demand that educational institutions get a certain percent, some prime sponsors give all the money to educational institutional with a demand to get the program underway at once. They hire the in-school young people. The dropouts and those most in need are not involved.

Only CAA's have demonstrated their ability to plan, recruit, and program in a hurry. This past summer in Michigan, the state spent $10,000,000 in summer youth employment. The money was divided between the CAA's and the Department of Natural Resources. The time span was very short. The CAA's enrolled 150% of their plan, spent all of their money. The Department of Natural Resources did not spend half of its money. Energy Crisis Intervention is another example. This money was given to the Department of Social Services Slightly more than half of the money was spent.

Recommendation # 6 : The CETA legislation should not be based on geography. That is each community must have its fair share.

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Rationale # 6

If the legislation seeks to serve a particular clientele, then the geography of the legislation should be determined by a concentration of the clientele the legislation seeks to serve. Many communities have very few or no hard core disadvantaged persons. It is, therefore, difficult to fill all of the alloted slots, while other communities fill their slots at once, with many people waiting. These waiting people cannot become involved because their community had its "fair share".

Recommendation # 7 : Reduce the number of Prime sponsors and cut out program agents.

Rationale # 7

Prime sponsors should in some way be coordinated in an SMSA or Labor Market Area. The more prime sponsors there are, the more money that must be spent for administrative costs and less trickles down to inteded clientele.

Labor market information is common to several prime sponsors, and many of them could institute the same program to accommodate a single need. There could be a need for 30 welders. Five prime sponsors could pick up this information, start a trining class and produce 150 welders when only 30 are needed. Thus, coordination, Program agents are clear and free of all authority of the prime sponsor, yet the prime sponsor is responsible for their action. Simply, adequate authority must accompany responsibility.

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In Conclusion

Manpower can accurately be defined as the process of moving a person from a state of unemployment to a state of employment. This is a multi-faceted process. It includes training, as many stages as necessary to do the job, supportive services, counseling, empathy, sensitivity, understanding, patience, and a host of other human qualities for which local political jurisdictions are not necessarily noted.

In many areas, the CETA program has become a part of the civil service system. Every one knows that that system maintains the status-quo and it systemmatically excluded some groups.

If Congress wants a meaningful manpower program, Congress will have to place the operation in a congenial environment.

Senator RIEGLE. Let me at this time call on Mel Brannon, who among other things is in my opinion the best Urban League director in the country. So with that modest introduction, Mr. Brannon.

Mr. BRANNON. There are two of us that think that now. Thanks, Don.

I don't know whether I should give you the whole load or half of the load. Since I have come a little further to give it to you than my colleagues at the table, I think I ought to give you the whole load.

As you know, we have been in the manpower delivery system business for the life of the Urban League. That is the cornerstone of the services provided above and beyond every advocacy role that the National Urban League plays, therefore, we have had some experiences with categorical programs, with the old OJT, concept and so forth.

When the CETA legislation was enacted, and the move went from the categorical to comprehensive through CETA, and the decision-making left Washington and came to Genesee County and Lapeer County and Shiawassee County left up to the whims of some pretty politicians, then that's when the water got muddy.

We had a young man in your community by the name of Alton Briscoe, who was appointed to the position of prime sponsor director, who decided that he wanted to make a name for himself and go write a book after he got through with Flint. Well, we in Flint are still trying to make some heads and tails of some of the things he did, and from that trying to develop some sense out of a comprehensive system that is not really comprehensive, but trying to make some sense out of services to be delivered for a group of people, with four operating agencies, five operating agencies and so many subcontractors to deliver those same services.

The system has some good points, and it has a lot of bad points. But as we in Flint reflect over the 4 years of the CETA program activities and as we consider both the negative and the positive impact of CETA as used relative to the most crucial objective of helping to train more poor persons into the economic mainstream of our society, our conclusion is that CETA should be reenacted and broadened. Basically not without major structural changes both within the act itself and with the regulations which appear to be two bases of our most high problem areas.

We have listed in the body here concise descriptions of problem areas within CETA that I won't go through each one of the problems or examples.

Senator RIEGLE. We are going to make that part of the record and study that very carefully.

Mr. BRANNON. Hopefully the suggestions will serve to generate constructive analysis and meaningful discussions and subsequent improvements that we feel are necessary to make CETA a more viable piece of legislation.

The first problem is the regulations themselves. By far the most crucial problems which tend to threaten the success of CETA lie within the language and structure of the act and its accompanying regulations and management circulars according to section 2 of the CETA act the purpose and intent of CETA is to provide employment and training opportunities for economically disadvantaged, unemployed and underemployed persons and to assure that training and other services provided lead maximum employment opportunities.

Section 2 of the act further establishes a flexible and decentralized system of Federal, State and local programs designed to facilitate the provisions of these employment and training opportunities. It is at the point of decentralization that significant problems begin to develop. Unfortunately decentralization of funding and service delivery responsibility has not to this date been accompanied by clear, concise regulations and management information and the necessary tools for maximum efficient operation of local employment and training programs. The problems with CETA are further complicated by the fact that CETA has seven different titles to it. Each purporting to address itself to a different employment and training need. This fact alone further dramatizes the need for developing clear, concise regulations to govern the implementation of the act. Now, I want to go into the problems: Development of extraordinary cost reimbursement formula for private sector on-the-job training. Very little if any reference is made to this issue in Federal management circulars. However, the concept of extraordinary cost is vaguely alluded to, but less largely to the individual interpretation. When auditors in our particular consortium reviewed the local OJT program, the cost was listed as a questionable expenditure. However, written communication from the regional Department of Labor, region 5, approved the language. The prime sponsors remained neutral and somewhat detached from the situation throughout the entire ordeal. In a sense, the program operator, which was the Urban League at that time, was forced to deal with three distinct interpretations of one section of the regulation which was extraordinary cost reimbursement formulas. The auditors, whose interpretation I think was conservative, the Department of Labor, whose interpretation was liberal, but vague, and that of the prime sponsor whose position was neutral, later the prime sponsor sided with the Department of Labor and the program operator and the cost question was lifted by the auditors. We showed them that they were just too stringent.

It is easy to visualize the impact that such confusing situations can have on local service deliverers. Many would be intimidated by the fear of large cost disallowances resulting from an audit question and would opt not to act in the best interest of his clients if he felt that there would be some audit exceptions or it would be interpreted by the Department of Labor too stringently.

And as Brother Brewer and I were discussing, and somebody else was asking a question, not only is there vagueness and misinterpretation and different interpretations among CETA prime sponsors, there are misinterpretations and different interpretation is of the same regulations between different regions of the Department of Labor.

If you talk to region 4, you'll get one kind of answer. If you talk to somebody in region 5, you'll get another; region 3, another. The regulations themselves are just too vague. They are not specific. They leave too much up to interpretation of bureaucrats, and their interpretation determines whether we as a CBO are able to deliver the services that we are contracted to deliver, which is a big problem.

I will skip fragmentation and organization of regulations. I think you have talked about that.

Currently many CBO's are in many cases excluded from the planning process and many times the prime sponsors write the grants and submit them to local Department of Labor without securing the input

from organizations that have demonstrated effectiveness in planning and implementing programs for the economically disadvantaged in that community. Consequently community-based organizations have to respond to prime sponsor dictates that have been planned without due consideration to those various local community organizations and without due consideration to those of us who are on the business end of delivering their services.

A second point as it relates to community-based organizations is that in many cases the basic thrust of community-based organizations is threatened because of the tremendous amount of paperwork and data and administrative accountability that CETA poses to operating agencies. Quite frankly it is difficult to try and serve economically disadvantaged persons when one slip of the hand in some cases or misjudgment by a staff person could actually result in an embarrassing suit for misallocation of funds from the Federal Government. This tends to create timid program operations and the long-range effect would tend to be that of eliminating "sensitivity effect" in community-based organizations, and that is our forte.

A fourth factor is that of citizen participation in the planning process. The original intent of CETA requires that a cross section of the local community be represented in the planning processes of CETA. Such is not the case in many prime sponsor localities. In many cases, the manpower area planning councils are manned by unconcerned persons who could care less about the plight of the economically disadvantaged in our society. Many times critical decisions which effect poor persons in our community are left to these kinds of individuals. Often a second factor in many cases, these planning councils tend to become rubber-stamp bodies which respond with little or no interest to the needs of the poor and respond directly to the staff, and the staff is opinionated and racist sometimes and very, very interested in their professional development without a concern for the client that we are dealing with.

The other point I want to make is funding cycles. It is our firm belief that the CETA act should allow for three funding cycles. This is necessary for several reasons. It is very difficult for prime sponsors as well as program operators to interpret, to plan and to implement effective employment and training programs on an annual basis. The tremendous amount of Federal regulations, management circulars, administrative procedures that have to be developed make it virtually impossible to meet all of the deadlines posed by the act in its present form. If prime sponsors were given the okay to write multi-year contracts with program operators that cover a period of approximately 3 years, better and more effective program implementation could take place thus vastly improving the quality and quantity of services going to the CETA clients.

Summarily, it is our opinion at the Urban League of Flint that CETA has come along in improving upon the delivery of services to the poor in our society, but it still has a long way to go to become the kind of legislation that it should be. We are committed to making that kind of legislation work. We, too, have benefited in terms of professional and technical growth. We have also reciprocated with the experiences gained from the many program years we have been dealing with CETA. In closing I would like to make three recommendations—well, five.

One, the complication of CETA legislation and regulations. Now, you might say "Mel, why do you want to decomplicate it. If it's decomplicated everybody understands what it is." Well, that's what we need. Right now, if you talk to the average employer or the average city employee or the Government employee who is possibly a manager and ask him what a CETA employee is, he'll give you three or four different answers with the same kind of connotation that you mentioned earlier. They know not of the title I that provides for manpower training, and it is not a public service employee program. They know not of title II, of title III and any other titles, and each one is designed for a specific client population, for a specific purpose, but the average connotation is that it's another one of those WPA make-work programs.

Senator RIEGLE. You know, if I can just interrupt you at that point, one of the great values of a public hearing of this kind is that, not only do we get a chance to get together and think about this, but it's a terrific opportunity for the public to get plugged in; in other words, to get a chance. And when I think about public television and I think about other things, the fact that this is going on today and we have this kind of serious discussion in which the public wants to know about, needs to be tuned in on—we had the press people here earlier—I am not saying we are looking for headlines, but I am looking for a way to communicate that information out, because the program is so complicated, $12 billion, all these different titles, but it all gets sort of, you know, sort of mashed together in the public's mind because there's never an opportunity to get good information, and, you know, there's never going to be a better chance for the public to tune in on good information than today, but the problem is it doesn't look to me like that much is going to get disseminated when we have got an empty press gallery and that's one of the problems. In any event, despite that, the effort has to be made to continue to elevate the public understanding of what it is we are talking about here.

Mr. BREWER. You probably should have said that there is some malfeasance in CETA and you would have had the press here.

Mr. BRANNON. Or misappropriation of funds.

Don, particular emphasis should be given to the point that I mentioned about annual funding. This tends to have a positive effect on the development or operation of qualitative as well as quantitative service delivery programs. Just as it is difficult for you as a Senator to effectively do his job from annual elections, it is likewise difficult for us program operators to effectively do our job on an annual funding cycle. The scope of services to the poor should be broadened to include all persons who meet the intent of the act without prime sponsors having the power to exclude on an arbitrary basis. Case in point. You know the median income in the city of Flint. You know how the average Flint citizen is working possibly in one of the General Motor Plants and so forth. There is a large percentage of young adults and young people in our community who may be living with a parent, who may be getting some kind of assistance by furnishing a roof over his head, and some food to eat with a parent, but with the present guidelines and the decisions that's made by some prime sponsors that young persons, although he is as hopeless and in despair and needs a job, hasn't had one since high school, is 21 years old,

he can't be served by CETA because he doesn't qualify. The family income—his daddy works in the Buick, there's nobody else in that household working, there might be four or five youngsters in that household. He can't get a job. We cannot serve him legitimately through our CETA consortium, and I think that's a sin and a shame.

The guidelines that regulate us at times works counter to the legislation that was designed to help those people and that's one of our bigger problems. OK.

Public information: I still think that, you know, the kind of public information that could be gotten out and could be published by the Department of Labor, by the local campaign sponsors, their budgetary considerations could be made that that is a regular public information process, that each local campaign sponsor, could develop, to make sure that the employer is informed, the potential employee is informed and the general community is informed about what CETA is all about, why it is enacted, and what is it designed to do and who it is designed to help.

Last, but not least, every effort should be made at the congressional level to insure that a concerned cross section of the local community is actively involved in the CETA planning process. Doggone it, we are tired of being planned for. We should be planning together. And when Senators, legislators, city councilmen, county commissioners sit and say that this is what poor folks need, and this is what black folks need and this is what the Chicanos need, not concerned about how we feel what we need and how we feel we ought to get it, I think the time has come that that's changed. That same thing was said earlier about involvement in the planning process. If we were there as program deliverers, as those affected, as those who have a stake in our welfare, then I think we could do a better job of planning for ourselves.

[The prepared statement of Mr. Brannon follows:]

Testimony to Senate Oversite Hearings

on

The Comprehensive Employment & Training Act

Delivered by

Melvyn S. Brannon
Executive Director
Urban League of Flint

DATE: February 17, 1978

Introduction

Since its inception in 1973, the Comprehensive Employment and Training Act has proven its effectiveness in a number of important respects. It has provided well defined avenues of administrative accountability, as well as diverse mechanisms for providing a more comprehensive, and coordinated array of services than any employment and training legislation preceding it. Unlike the Manpower Development and Training Act of the sixties, whose attempts to coordinate the delivery of services were spotty at best, CETA makes it possible for clients to not just receive a particular training service such as skilled training for nurse aide, but a well planned sequence of services keyed to the individual's respective employability development needs. Thusly, instead of receiving only nurse aide training as was provided under MDTA, under CETA a client may now receive in addition to the skilled training, employability development counseling, to actually determine individual suitability for pursuing particular occupations, orientation to the world of work, skilled training opportunities, public sector work experience, private sector on-the-job training, job development and placement services, and finally, after placement, follow-up counseling services to insure the client maximum opportunity for successful adjustment to his new employment situation.

However, in spite of the above accomplishments, local prime sponsors as well as community-based organizations responsible for actually delivering the services provided for in the act, have encountered many significant shortcomings within the act itself. These shortcomings range from the vague and contradictory language contained in the act, as well as in its regulations which tend to lead to inconsistent interpretations by the Department of

Labor, (National & Regional), local prime sponsors, and actual service deliverers which are in many cases community-based organizations like the Urban League. The overall effect of these inconsistencies is that of considerable confusion and somewhat unnecessary debate between local servire deliverers and prime sponsor staff.

As we at the Flint Urban League reflect over the last four years of CETA Program activity, and as we consider both the negative as well as the positive impact that CETA has used relative to its most crucial objective of helping to train and move poor persons into the economic mainstream of our society. Our conclusion is that CETA should be reenacted basically in its present form. However, not without major structural chances both within the act itself and within the regulations which appear to be the two bases of most problem areas.

Below we have listed concise descriptions of problem areas within CETA which from our own experience as a community-based organization tend to dilute its effectiveness in serving clients. Hopefully, these suggestions will serve to generate constructive analysis, meaningful discussion, and subsequent improvements that we feel are necessary to make CETA a more viable piece of legislation. The issues discussed do not contain exhaustive detail. However, if additional background information is needed, it can be supplied upon request.

CETA Legislation and Regulations

By far the most crucial problems which tend to threaten the success of CETA lie within the language and structure of the Act and its accompanying regulations and management circulars according to Section II of the CETA Act the purpose and intent of CETA is to provide employment and training opportunities for economically disadvantaged, unemployed and underemployed persons and to assure that training and other services provided lead maximum employment opportunities. Section II of the Act further establishes a flexible and

decentralized system of Federal, state, and local programs designed to facilitate the provisions of these employment & training opportunities. It is at the point of decentralization that significant problems begin to develop. Unfortunately decentralization of funding and service delivery responsibility has not to this date been accompanied by clear, concise regulations and management information (technical assistance) necessary for the maximum efficient operation of local employment and training programs. The problems with CETA are further complicated by the fact that CETA has seven different titles to it. Each purporting to address itself to a different employment and training need. This fact alone further dramatizes the need for developing clear, concise regulations to govern the implementation of the Act. Consider the following problems experienced by local program operators:

1. Vagueness of language contained in Federal Management Circular 74-4 which describes cost principles to be associated with local contract development. Although this information is cross-referenced in the FY-78 CETA Regulations, wide discrepancies in interpretation are still commonplace within local prime sponsorships themselves. Consider the following examples:

Development of extraordinary cost reimbursement formula for private sector on-the-job training. Very little if any reference is made to this issue in Federal Management Circular 74-4. However, in Section 95.33 of the CETA Regulations the concept of extraordinary cost is vaguely alluded to, but left largely to the individual interpretation. When auditors in GLSF Consortium received the local OJT program, the cost was listed as a questionable expenditure. However, written communication from the Regional Department of Labor had approved (Region V CETA Letter No. 132) usage of previous formulas utilized under MDTA. The prime sponsors remained neutral and somewhat detached from the situation throughout

the entire ordeal. In a sense, the program operator was forced to deal with three distinct interpretations of the section (Extraordinary Cost Reimbursement Formulas for Private Employers) of the regulations. The auditor whose interpretation was conservative; the Department of Labor whose interpretation was liberal, but vague; and that of the prime sponsor whose position was neutral. Later the prime sponsor sided with the Department of Labor and the program operator and the cost question was lifted.

It is easy to visualize the impact that such confusing situations can have on local service deliverers. Many would be intimidated by the fear of large cost disallowances resulting from an audit question and would opt not to act in the best interests of eligible CETA clients.

2. CETA Regulations are fragmented, poorly organized, and constantly changing. Federal Management Circular 74-7 which discussed cost principles associated with grant development, and the FY78 CETA Regulations are constantly being revised with important operational information being reinterpreted and with very little if any consideration to difficulties it may cause program operators who have to meet short term program goals while adapting to these changes.

To cite a specific case in point, the OMB (Office of Management and Budget) Circular A-102 which describes uniform administrative requirements for CETA Program was changed to FMC (Federal Management Circular) 74-7 and on September 12, 1977 was reissued to the prime sponsor as OMB Circular A-102 revised. The revised circular contains a variety of new administrative requirements that will require considerable time and effort to organize and implement.

Subsequently, on October 12, 1977, the prime sponsor issued to all local program operators copies of this revised circular along with instructions for immediate implementation. This along with many other administrative changes taking place within a program year consumes valuable time which could otherwise be utilized to serve clients.

Continued Involvement of Community-Based Organizations at all levels of Ceta Activity

Currently many CBO's are in many cases excluded from the planning process and many times the prime sponsors write the grants and submit them to local Department of Labor without securing input from organizations that have demonstrated effectiveness in planning and implementing programs for the economically disadvantaged in that community. Consequently CBO's often have to respond to prime sponsor dictates that have been planned without due consideration to these various local community organizations.

A second point as it relates to Community-Based Organizations is that in many cases the basic thrust of community-based organizations is threatened because of the tremendous amount of paperwork and data and administrative accountability that CETA poses to operating agencies. Quite frankly it is difficult to try and serve economically disadvantaged persons when one slip of the hand in some cases or misjudgment by a staff/person could actually result in an embarrasing suit for misallocation of funds from the Federal Government. This tends to create timid program operations and the long-range effect would tend to be that of eliminating "sensitivity effect" in community-based organizations.

Citizen Participation in Planning Process

A fourth factor is that of citizen participation in the Planning Process. The original intent of CETA requires that a cross section of the local community be represented in the planning processes of CETA. Such is not the case in many prime sponsor localities. In many cases, the manpower area planning councils are manned by unconcerned persons who could care less about the plight of the economically disadvantaged in our society. Many times crucial decisions which effect poor persons in our community

are left to these kinds of individuals and often a second factor in many cases these planning councils tend to become rubber-stamp bodies which respond with little or no interest which fail to challenge the prime sponsors on decisions that are being made which tends not to hold the prime sponsor responsible for good and bad decisions for effective decision making.

Annual Funding Cycles

It is our firm belief that the CETA Act should allow for three funding cycles. This is necessary for several reasons: It is very difficult for prime sponsors as well as program operators to interpret, to plan and to implement effective employment and training programs on an annual basis. The tremendous amount of Federal regulations, management circulars, administrative procedures that have to be developed make it virtually impossible to meet all of the deadlines posed by the Act in its present form. If prime sponsors were given the OK to write multi-year contracts with program operators that cover a period of approximately three years, better and more effective program implementation could take place thus vastly improving the quality and quanity of services going to clients.

Scope of Services

Another problem with the CETA legislation is that the scope of its target group emphasis excludes too many of the needy persons in our society. An example of a case in point, is that under present interpretations of CETA regulations and the GLSF Consortium area a disadvantaged underemployed person living at home with parents whose income is above the poverty level is not eligible for CETA services. This unfair regulation fails to take into account that the individual could be on welfare if he were not living at home; and by living at home he is trying to maintain a certain level of decency while actively seeking a job. This also is a clear example that the purpose of the Act is defeated by the language of the regulations. In

many localities there is strong community sympathy for returning to categorical grant funding simply because CETA has failed to include all of the significant segments of economocially disadvantaged persons in the local community. This is an obvious shortcoming of the Act and must be corrected. Although we do not recommend a return to categorical grant funding, we do strongly urge that steps be taken at the planning level to insure that prime sponsors are held accountable for taking the CETA services to all segments of society. That the scope of CETA be broad to include all significant segments of economocially disadvantaged persons.

Public Information

CETA is simply not understood by the majority of citizens in the local community. Part of the reason stems from the fact that the Act is tremendously complicated in itself, but we feel that a much greater reason is due to the failure of prime sponsors and program operators to effectively plan and distribute public information that adequately informs those persons perspective CETA participants. Several cases in point will include college students interested in going to school who are not aware that CETA less than class skilled training could be a median for doing so, often put off plans for going to college in lieu of short-range menial employment.

CETA Administrative Accountability

CETA legislation allows a maximum administrative rate to state and local service deliverers not to exceed 20%. This intent by the Act to insure administrative accountability is one of its highlights. However, strong precautions should take place to insure that prime sponsors pass on the proper balance of administrative resources and administrative accountability to local program operators. The second consideration would be that of prime sponsor monitoring and evaluation efficiency. Every effort should be made to insure that CETA prime sponsors develop fair as well as realistic means of monitoring local program activity.

However, it is our firm belief that no sound nor effective means of monitoring and evaluating is possible with the constantly changing regulatory and administrative mechanisms of CETA as they are now.

Summary

Summarily it is our opinion at the Urban League of Flint that CETA has come along in improving upon the delivery of services to the poor in our society, but it still has a long way to go to become the kind of Act it should be. We are committed to making it that kind of Act. We, too, have benefited in terms of professional and technical growth. We have also reciprocated with the experiences gained from the many program years preceding CETA. In closing, I would like to submit the following recommendations for your consideration:

Recommendations

1. Decomplication of CETA Legislation and Regulations - We recommend that affirmative steps be taken immediately to decomplicate CETA, its regulations and its management circulars. It would appear that these steps originate in the congress of the United States and contain strict timetables for simplifying all CETA activity that does not significantly increase the overall efficiency of the Act.

2. Particular emphasis should be given to concerting the annual funding cycles from one to three years in duration. This would tend to have a positive effect on the development and operation of qualitative as well as quantitative service delivery programs. (Just as it is difficult for a senator to effectively do his job with annual elections, it is likewise with the CETA Program Operators).

3. Scope of Services - The scope of services to the poor should be broadened to include all persons who meet the intent of the act without prime sponsors having the power to exclude on an arbitrary basis. (Case in point: persons living at home with parents but economically eligible for CETA services.)
4. Public Information Campaign - A large scale public information campaign should be launched to give the public a better understanding of CETA. This would in itself increase voluntary participation in CETA from prospective participants who have little or no knowledge of its offerings.
5. And finally, every effort should be made at the congressional level to insure that a concerned cross section of the local community is actively involved in the CETA planning process.

Senator RIEGLE. I couldn't agree more with you on that last point, and you are here. This is a legislative planning process that we are in right now, and that's exactly the reason we are here discussing these items, to overcome that breakdown.

In other words, the problem, at least at the legislative end, is the separation of the legislative process off in Washington from here to where the problems are and where the implementation of programs has to take place, and that's exactly what I view this session as being, as a legislative planning session that we do together and that's why these comments and presentations are really crucial in my judgment, and I can assure you that they are not only going to have a bearing on how I approach the problem, but they will in terms of the community as a whole.

Mr. Ginsburg, who is here with me, works with Senator Nelson, who is a subcommittee chairman and who will have a very substantial impact on how we sort of sort this thing out, and having this kind of direct information and guidance and counsel and suggestions, as you've given us here, and as other witnesses have, it's where the legislative process has to begin, and we are ahead of it. I mean the legislative process is down the road, so this session should be occurring now, ahead of the law writing, and it is. So we are absolutely together on this last point.

Mr. BRANNON. Therefore, Don, it should be in those regulations that it would be a violation of the regulations to exclude the types of people that we are talking about from the planning councils. It should be written into the regulations that they must be included, therefore, it is an unallowable cause, if those kinds of individuals that we are talking about are not included into the planning councils and into the planning processes and brought out if necessary and trained.

Senator RIEGLE. I am going to have Mr. Ginsburg read to you what the existing law specified, because the Congress clearly had that intent, and so we have go to figure out how we really get that into the transfer.

Mr. GINSBURG. Cross reference to the regulations, the language reads:

> Section 104. Each prime sponsor designated under this title shall establish a planning council consisting, to the extent practical, of members who are representative of the client community and of community-based organizations, the employment service, education and training agencies and institutions, business, labor, and, where appropriate, agriculture.

Senator RIEGLE. So in other words that was the clearly stated intent of the law when we passed it originally in this session. And as a matter of fact what's interesting is, in listing who ought to participate in the planning council, the first party mentioned is people representative of the client community, and training agencies—excuse me. Representatives of the client community—that's listed first, and, No. 2, of community-based organizations. We've got it right up front, so that was the legislative intent and mandate and effect in the letter of the law.

I'm going to give him a minute here to find out if we can find the regulations.

Mr. GINSBURG. Well, the regulation says here, Senator, it is right with me, but I'll read it:

> Each prime sponsor shall, to the extent practical, include his appointments to his planning council, members who are representative of the particular community, for example, women, persons of limited English-speaking ability and other minority groups and of community-based organizations.

The State employment security agency, education and training agencies, institutions, businesses. For example, representatives of locally based business firms, the National Alliance of Businessmen or chamber of commerce, organized labor and where appropriate agriculture. And then it goes on:

> Additionally, each prime sponsor shall invite representatives of appropriate veterans organizations and groups to serve as temporary members of its planning council

Generally, a staff of State or local government agencies should not take the place of representatives of the participating communities which their agencies serve, persons representative of other interested groups may also be appointed, and I think that's all of the relevant portions of it. That's the law and regulation issued pursuant to it. Section 95.13.

Mr. BRANNON. Just another case of governmental noncompliance and nonenforcement of a law that's on the books already.

Senator RIEGLE. That's what we need to know. Congress very often has a pretty good sensitivity on some of these things. I think it's significant here, not only in terms of what we mentioned of what comes first, there's obviously a priority orientation here, because these aren't in alphabetical order. But the fact that it ends up sort of getting lost somewhere along the way is clearly not what was intended, you see.

Mr. BREWER. The prime sponsor's excuse is that there is a conflict of interest if we get involved in the planning process, that we'll champion our own community-based organizations, therefore, it's not in the best interest of them to politically have us voting on the council.

Senator RIEGLE. Well, I really appreciate your coming today. We can go on. I think we have covered the bulk of the points in your testimony, and I appreciate having it and I appreciate your participation.

Next I want to call Mr. Drabant of Chrysler Institute, who is accompanied by Tom Metevier. And if Mr. Metevier and Mr. Drabant will come down, we'll be happy to hear from you.

As often happens in these sessions, we are under continuing time pressure, as you know. So I would appreciate if we could get right into your testimony and we are interested in hearing about your experiences. You are an important illustration of the private sector's involvement, which is a key part of the puzzle.

STATEMENT OF RICHARD DRABANT, CHRYSLER INSTITUTE, ACCOMPANIED BY TOM METEVIER

Mr. DRABANT. My name is Richard Drabant from Chrysler Institute, a division of Chrysler Corp. It has a responsibility for being the academic interface for the corporation as a whole, works as a corporate training arm and operates five divisions, in effect, as an autonomous profit base to do business in effect in the training and learning system arena.

I have marketing responsibility for that and have spent an awful lot of my time over the last 10 years with employment training programs, because Chrysler is in fact the largest private sector first involved under MDTA and now involved under CETA.

Senator RIEGLE. I might just say at that point, I think you have compiled a really extraordinary record as a company. I really want to acknowledge that and congratulate you and Chrysler for the leadership you have given in a test area where a large part of the private sector has taken off in the opposite direction with respect to these kinds of community needs and problems. Your company and yourselves have really stepped up to this, and I am very grateful that you have. I want the record to show that that kind of commitment and effort is both recognized and appreciated.

Mr. METEVIER. Thank you, Senator. We appreciate your recognition.

Mr. DRABANT. To speak quantitatively to the point the Senator just made, we have over the last 10 years dealt with 50,000 disadvantaged clients, and have worked with some 40,000 nonsubsidized private sector jobs in that service. Now, one of the points that was made earlier, was the kind of clients that are served and periodically we professionally refer to our programs as having the recruitment criteria being a rejection from most other programs before our clients get involved with us, so we do think that we do serve the most disadvantaged people in the city of Detroit and the other locations that we are in across the country.

The point made about our involvement as a private sector representative in this field, and the point that is unique, is probably the point or viewpoint that we want to speak from, because we think the most appropriate comments for your benefit would be from us into some dialogue as to how the private sector might be better involved in the process.

The summary of the statement outlines a number of points where we wanted to get involved in dialogue relative to the revision of the CETA legislation, but we must make the point that the legislation itself in our opinion is not really all that bad. A couple of excerpts read earlier outline that. It's the interpretation of that legislation through regulations and ultimately through practice where the problems seem to occur, because CETA is sound, we think, in principle and in design.

The fact that it does have local focus, local assessment of needs and local delivery built into it, the fact that it calls for, as just read, advisory input, the fact that it does provide for regional and technical assistance to the prime sponsors, all of that we think is sound. However, we think that most of the difficulties came about because of the overall dramatic change from prior legislation. The biggest change was the fact that we had to invent a whole new generation of manpower expertise at the local level, and CETA, and that expertise is now just beginning to swing as manpower experts, and we think that the years ahead have to be a lot better.

The other problem that occurred is the fact that CETA was launched during the most devastating economy that we have had in a great many decades. That in effect, and the inclusion of a lot of emergency employment dollars into the CETA legislation, kind of caused CETA to become synonomously treated with public service employment, and that took away from the title I as was pointed out by a

number of testimonies earlier, and we think that that's unfortunate because title I is in fact the place where most of these services have taken place.

We have outlined a number of places in the summary as to areas we think that the CETA process can be improved, and in the interest of time we will just refer you to that as opposed to enumerating all of them. Most of them relative to the advisory process, communication, and so on have in fact already been mentioned.

I will make one point, though, as it relates again to public service employment, and that is that I think we feel that public service employment does have a place in manpower legislation, a comprehensive manpower legislation. However, the focus has to be on the emergency nature of that, and in each case, when emergency employment or public service employment is utilized, we feel that it has to have built into it a plan for transition to nonsubsidized private sector employment, and that's the key, getting the private sector involved.

Now, one of the, I guess, contradictions that go on in our practice, in our utilization of the CETA arena is the fact that recognition at the private sector is where the buck stops to solve the unemployment problem has never been in question. Both candidates during the last election talked all the time about five out of six jobs being in the private sector. The Secretaries of Labor, Commerce, and many other administrative departments talk about the private sector as being the solution. Yet, as it relates to the private sector, the private sector in the regulations is treated more restrictively than any other generic entity. Our view is that that's probably the result of two things. First of all that traditionally the private sector has not made its voice known relative to MDTA first and now CETA legislation. The silent push, and there are a number of questions that take hold during the conference and legislative process that do not speak to the private sector except as the recipient of the ultimate product or the clients that are served under CETA.

The feeling is that either in the legislation or in the regulations, something specific has to be done to move in the direction of including the private sector. Relative to the climate, perhaps, of the legislation as it relates to the view of the private sector being a vital and integral and a sharing part of that process as opposed to being one to be watched for profiteering as it relates to the maintenance of their effort, which is terminology that has been used through most of those conferences, committees and from the standpoint of process, indicating how and in what kind of way the private sector will be involved in the advisory process. And I think providing resources for the education of the private sector, to set the private sector up as an organization that has a buffer to handle——

Senator RIEGLE. I am sorry. Go ahead. I am listening.

Mr. DRABANT. The final point I'd like to make is, perhaps, the best way to determine some ways to either help the legislation or the regulations deal with questions of better inclusion of the private business sector in the CETA process is to look at some of the reasons why traditionally the private sector has not involved itself or been involved. The first might be stated as kind of a credibility gap in the private sector as it relates to dealing with Government or Government programs, is not really all that enthralled, and consequently something

has to be done in either the formation of a buffer organization to interpret to the private sector what is going on or an education process directly to the private sector has to come in.

It took 10 years of hard knocks to put Chrysler Institute where it is right now with the CETA program, and we are still not sure we love it every single day. That's the case with Chrysler Institute that has the resources to do that kind of thing on a nationwide basis to the magnitude we do, and you can imagine how difficult it would be for the middle or small sized employer to even become interested.

Senator RIEGLE. Let me at this point interrupt you, because this is what I was speaking about a second ago with the counsel. You have been in this business, Chrysler has been for 10 years. You've had these 50,000 individuals come from the program, if I heard you right, and you have placed 40,000 of the 50,000. Did I understand that right?

Mr. DRABANT. We have worked with 40,000 different jobs. Many of our individuals, like with other programs, end up being placed several times.

Senator RIEGLE. But in any event, would there necessarily be any large corporate programs in the country, that over the last decade would have necessarily handled more than 50,000 individuals?

Mr. DRABANT. No, we are by far the largest.

Senator RIEGLE. You are probably the largest.

Mr. DRABANT. No question.

Senator RIEGLE. I was just suggesting to the counsel, we have got our national hearings in Washington, coming up immediately. I really think that so much of this depends upon—I mean, the real crux of the problem in terms of the private sector is how does it really work, if you really make a serious commitment to do it. What do you run into, what is the experience, so on and so forth. We have as business witnesses coming in, the Chamber of Commerce, the Business Round Table, et cetera, I really think you should be there, and therefore I want to at least tentatively suggest that you consider coming. I want to take that up with the chairman. I think it's important.

What I am afraid we are going to get from the institutionalized chamber of commerce point of view is sort of a homogenized—not unimportant—but kind of response, whereas I think we need to talk to somebody who's been in this business from a serious fashion, and who's lived with it. You've got 10 years' worth of know-how and savvy to come in and talk about this from the business point of view and I am going to strongly recommend that you be invited to come and testify. That's what I was involved in when I sort of interrupted you.

Mr. METEVIER. He had just about reached the end anyway.

Mr. DRABANT. Yes. What I was basically doing, was sort of picking out some of the high points and then perhaps we could carry on a dialogue relative to questions that you might have about that private sector inclusion.

Now, when you talk about witnesses in Washington to speak to the involvement of the private business sector, another organization that is kind of tangentially tied to the Business Round Table that has been set up since 1968 as a buffer for this kind of program, and a marketing force has been the National Alliance of Businessmen. They may be very well worth while to invite also.

In the recent years they have had some difficulty in implementation, but with the chairmanship of Bill Miller from Textron, some major overhaul of that organization has taken place and you might want to think about including them.

Senator RIEGLE. It's interesting that Miller was before the Banking Committee in which I also serve in terms of his confirmation hearings to become head of the Federal Reserve, we did talk about this to some extent. He's been very much out front as a business executive in putting Textron out front.

Mr. DRABANT. Yes. They have been making a major overhaul organizationally to be able to do with CETA which under the prior administration was not done at the National Alliance of Businessmen.

The point there is that on the local level there has to be some kind of educative force, some kind of buffer to begin to include the private business sector in the process. My guess is that the bureaucratic forces, whether they be the prime sponsors, whether they be the city or county governments or probably because of the credibility question will not be able to include the private business sector as effectively as an organization that is made up of and controlled by the private businesses.

Mr. METEVIER. Does that credibility statement ring echoes of the past?

Senator RIEGLE. Well, it's an important point. I am wondering too—I am going to want to query you later about the possibility of maybe putting together a consortium of maybe two or three business operations, so that one company didn't have to do it all alone. In other words that maybe we could have Chrysler plus two or three others to form the Chrysler/something/something/something Institute. In other words that we really spread some of this task around and we get waves going in different directions so we really start to bring along the business community as a whole.

I think this credibility problem is a fact of life, and I think you are right, that serious business people, who can make this aspect of this program work, can probably do more to change attitudes in the remainder of the business community.

Mr. DRABANT. One of the commonly held, and unfortunately mistaken, impressions I think by the people involved in the manpower planning and implementation process is that the private business sector by and large knows and understands how to deal with its own human resources, and that is only partially true. They are learning just like every other aspect of society. And as it relates to the effective assimilation of disadvantaged clientele into the work force, they are really just learning. So consequently there has to be an awful lot of assistance and really trustworthy kind of education process that's got to go on to find ways to make these programs work.

The consideration is that most businesses of a medium and small size don't have the resources to be able to set up the specialties to deal with programs of this type, and being that they are busy, they do not involve themselves in things like the advisory process, the planning process, and ultimately the kinds of programing that could be an outcome from CETA legislation. But the fact of the matter is that now in the future, 85 percent of jobs, nonsubsidized full time self-sufficient

opportunity for employment exists in the private sector and it has to be put.

Senator RIEGLE. Let me ask, the institute operation that you run, you've had 50,000 people that you have worked with over 10 years, am I correct on that number?

Mr. DRABANT. That was the number we used when we put together a videotape about 9 months ago. We might be up to 54,000 now.

Senator RIEGLE. And it's all from the Metropolitan area around here?

Mr. DRABANT. No; in the past there's been as many as 12 out-State locations that also contributed to that number.

Currently we have six or seven out-State locations, that means out of the State of Michigan, and then, of course, there is the mammoth Detroit area operation. In Detroit alone we deal with, in a contractual way, seven different prime sponsors.

Senator RIEGLE. And how many of the people which you handle—do you train them in a Chrysler facility, is that basically the approach you are using?

Mr. DRABANT. Well, that question would have been much easier to answer under the NABS/JOBS arrangement of MDTA, because CETA by design is locally responsive to problems and frequently even whims, as was pointed out in earlier testimony. We can't answer that question now. The answer really would be yes. They are trained in Chrysler facilities. However, we train in any kind of facility that in fact would be appropriate to the client population and to the needs and desires of the prime sponsors that's footing the bill for some of these things, so it's really all over the map.

Now, we do—if this is part of your question, do we use Chrysler production facilities? The answer to that generally is no. What we use is a simulated hands-on vestibule approach for most of the training, so that we don't run the risk of double standards when the clients are finally placed in the plant and on nonproductive jobs.

Senator RIEGLE. Well, let's do this. You have got a longer statement coming, which you said you thought would be ready in a week or so, which I want to include in the record. I want to pursue with the chairman the possibility of working you into this schedule of the national hearings, and if it fits both ways, with you and the committee, because what I'd like to do is, I would like to—I think what we need to do is, we need to lay out, just open up and lay out on the table the experience you have had, what you have learned from it and really use that as sort of exhibit A in terms of a very deadly serious business sector commitment in terms of tackling this job.

I am going to need to have somebody like that as something to compare and measure against the other approaches that we are using, whether it's public service jobs per se or various other new ones as the way we sort of tackle this thing. I want to try to get some idea of how your experience would be different and then measuring those differences with other ways of doing this, and I think that would be the format in which I would like to try to do that.

I think what I am going to do is leave our discussion today at that point and wait for that presentation and see if we can't work out an apparent date at the national hearings, and take it up in that fashion at that time.

Mr. METEVIER. Senator, a picture is worth a thousand words, and we would like to invite you and the committee staff or your personal staff to give us a call and visit the facilities. Our physical facilities are over here on the near east side. It's very easy to work out and spend an hour or 2 hours with us and we'll be very happy to show you what happens over there.

Senator RIEGLE. Well, I appreciate that invitation. We will find a way to take you up on that.

Mr. DRABANT. Then, what we will do is spend a substantial part of the written testimony on what we do and how we evolved and what we might recommend.

Senator RIEGLE. What I am really also interested in, and I think you have a clear sense for, and that's what's cost effective. I don't just mean on a hard cold dollar-cents basis, but I am talking meaningful training as the objective and the fact that you are going to take somebody at one end, and at the other end plug them into a real job, what works, how do we really take limited resources and get the maximum amount of throughput in terms of actual successful process?

Mr. DRABANT. Relative to that point, I might point out we have carried over from NAB/JOBS MDTA format one concept that automatically makes it most cost effective. Most of the ETA contracts that we run are on a fixed fee for service as opposed to a cost for reimbursement kind of a format, which means unless we provide the service to the disadvantaged client, we don't invoice the prime sponsor. Now, what that does is it puts the emphasis where the emphasis ought to be. Instead of counting the number of paperclips and so on that we are involved with, we are more so interested in the provision of actual services to the disadvantaged clientele, and we think that it works very effectively.

And things like our counseling program, for example, if the client does not show up, then we don't invoice for that day. So in effect what we do, we take a bet on attendance and attrition and that tends to make it cost effective.

Senator RIEGLE. Well, let us pursue the possibility of having you come and appear, because I just think that would be an important component, and I just think this is a key aspect of this whole thing because I think you possess knowledge now that we really need to have, and I want to try to get it out in that more extended manner.

Mr. METEVIER. We'll be happy to, Senator.

Senator RIEGLE. I appreciate your coming today.

Mr. DRABANT. Thank you.

Mr. METEVIER. Thank you.

[The prepared statement of Mr. Drabant follows:]

Statement by Richard M. Drabant, Manager of Marketing, Chrysler Institute, at the hearing on the Comprehensive Employment and Training Act (CETA) by the U. S. Senate Committee on Human Resources, February 17, 1978, City County Building, Detroit, Michigan.

Good Afternoon. My name is Richard Drabant. I am Manager of Marketing for Chrysler Institute. The Chrysler Institute is the training arm of Chrysler Corporation which also markets a full range of learning systems outside of the company. These learning systems include management education, technical apprentice training, entry level training, and mechanics training.

We are pleased to provide testimony concerning the Comprehensive Employment and Training Act (CETA). Chrysler's motivation is based on its commitment to respond to community needs, to improve employment and training programs which will solve problems of unemployment and to improve its programs to deal with entry-level clients.

Chrysler Corporation, through the Chrysler Institute, has a history of manpower service beginning with the NAB/JOBS programs under MDTA. Chrysler is appropriately credited with writing much of the literature in the training areas dealing with disadvantaged clients. Chrysler Institute made the transition from MDTA to CETA and is now celebrating its tenth anniversary of successful program delivery serving disadvantaged clients. Over the past ten years, Chrysler has served over 50,000 hard-to-employ disadvantaged clients. The viewpoint from which this testimony is offered is from a corporation that is the largest employer in the City of Detroit, from an employment and training program deliverer under CETA, and

most importantly as a representative of the private business sector.

From its experience, Chrysler takes the position that CETA is sound in principle and design. Generally, the theory of solving community problems at the community level, utilizing community-based resources, is most appropriate.

In spite of its proper design, it is recognized that CETA, unfortunately, has experienced difficulties in implementation. These difficulties range from the devastated economy within which CETA was launched to the necessity of developing an entire generation of manpower expertise at the Prime Sponsor level. Perhaps the most unfortunate occurence was the economically caused necessity to supplement CETA so dramatically with Public Service Employment (PSE) that PSE is currently viewed as synonymous with CETA.

Chrysler Corporation recommends keeping CETA--its intent approach and direction--generally intact. However, several supplements or operational revisions are suggested:

1. Communication about CETA programs to both deliverers and clients alike must be improved.
2. The Advisory process specified in the legislation must be made more representative, more useful and more valid.
3. Public Service Employment must be returned to its "emergency only" definition. PSE should be implemented only when it is accompanied by a plan for Transition to regular full-time non-subsidized employment.

4. The frequently heard demand to "cut red tape" is appropriate where such administrative detail is either duplicative or detracting from sound manpower program delivery.

5. CETA quality control must be standardized, improved and consistently implemented. The major result here could be to assist Prime Sponsors to remove ineffective, politically-installed deliverers of services.

6. As the word "comprehensive" in the name CETA suggests, a more energetic effort must be made toward comprehensive system planning to eliminate operational overlaps and duplications of effort.

7. More qualitative technical assistance must be provided to Prime Sponsors. Also, initiatives must be taken to encourage "cross fertilization" of innovative programs and approaches between Prime Sponsors.

8. Finally, and most importantly from the private business perspective of Chrysler Corporation, more emphasis must be placed on involving the private business sector in CETA efforts. Several specific recommendations are possible here ranging from more focus on small businesses to the installation of "catalytic" agencies in the process.

Many valid reasons exist to justify the increase of private business sector involvement. The most important of these is that now and in the future over 85% of the full-time self-sufficient

non-subsidized employment exists within the private sector.

Business has been and remains reluctant to participate in these programs which may require contractual involvement with the government or which are perceived as tampering with their right to employ selectively. Many other reasons for this reluctance also exist. Nonetheless, revisions to CETA both in legislation and regulations are possible to encourage and support rather than discourage and ignore private sector involvement.

A cautionary note must be added. In pursuing the expansion and the legitimacy of private sector involvement in CETA, it could be a case over "over kill" to develop a separate Title in the legislation to oversee private sector involvement. Similarly, it would seem inappropriate to develop a separate Title for any vested interest group, regardless of the needs of their constituency or their contribution because the basic conceptual design of CETA would be compromised. The local community should continue to have their right to decide which programs best serve local community needs.

Elaboration on any or all of these points is possible and available upon request.

Senator RIEGLE. Our final witnesses for today are Mr. Louis Monacel, who is the assistant superintendent of the Detroit schools and Mr. Herschel Fort, who is the director of the Federal and State programs. We are pleased to have you both here. Let me indicate, I think we do have sufficient time. We do have other commitments. We do have to be back in Washington on some other matters today and we do have to adjourn the hearing in approximately 20 or 25 minutes, so I am hopeful we will be able to cover the bulk of the ground that we want to cover now.

STATEMENT OF LOUIS MONACEL, ASSISTANT SUPERINTENDENT OF DETROIT SCHOOLS, ACCOMPANIED BY HERSCHEL FORT, DIRECTOR, FEDERAL AND STATE PROGRAMS; AND PETE MANAS, PROGRAM OFFICER, FEDERAL AND STATE PROJECTS OFFICE

Mr. MONACEL. That's fine, Senator. I am happy to introduce Mr. Herschel Fort, who is director of our State and Federal projects, and Dr. Peter Manas is with me, who is a program officer in our Federal and State Projects Department.

I was very interested in the previous testimony, in that I am sure you know that we are often intertwined with Chrysler Institute in terms of their presentation. I think one of the major things that needs to be considered by your committee is whether we need intermediate training layering by private industry or direct in position training on the job market itself or in the company itself. I am not opting for either one, but that is a pertinent point that we question as educators.

I do have on behalf of the superintendent a brief statement, and I would hope that it would be well within the 25 minutes allowed for interaction. Our presentation will relate to those employment and training programs now funded under the various titles of the act which are currently being conducted by our school district under subcontract from prime sponsors of the city of Detroit. And, for the record, and speaking for Superintendent Jefferson, I would like to say that Detroit schools have derived substantial benefits from programs which are or have been supported with funds made available by CETA and related legislation, and we look forward as a school district to the continuation and expansion of these programs.

And while carrying out the primary intent of the employment and training legislation, which is to provide job training and employment opportunities for the economically disadvantaged and unemployed persons and to insure training and other services will lead to the maximum employment opportunities and enhance self-sufficiency, the school district has received considerable support in our efforts to provide quality education for pupils throughout the city, with both CETA and a variety of other acts that have impinged upon us.

Since the passage of the Emergency Employment Act of 1971, our school district has participated in many public service employment programs. With the enactment of the Comprehensive Employment Training Act of 1973, the school district has continued to receive contracts to conduct public service employment programs under provisions of titles II and VI of the act. In addition, titles I and III have provided funds for in-school youth employment and training pro-

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grams which had been previously supported by the Manpower Development and Training Act, and the Economic Opportunity Act.

More than 1,000 adult residents of the city of Detroit are currently participating in CETA-funded public service employment programs operated by the Detroit public schools. Participants in these programs are receiving training and working generally as custodians, health workers, seasonal laborers, security interns, teacher aides, teachers, clerks, and typists. With the exception of the teaching positions, job slots in the CETA programs operated by the school district are entry level positions requiring little or no special skills, aptitude, or experience for placement. Teachers constitute less than 8 percent of the total number of participants in our CETA programs.

CETA programs which have been designed to provide employment and training for in-school youths have also been very successful in our school district. During the summer, and the previous summer before that, approximately 8,000 youths participated in employment and training programs funded under title III. Currently there are 1,200 youths participating in similar programs which are funded under title I during the regular school year. These programs are designed to encourage youths to complete high school and enhance their self-esteem by providing them with financial assistance through meaningful employment. Each year the applications for employment and training by eligible youths far exceeds the number of available opportunities.

Under provisions of recent amendments of CETA, title III, the school district will have the opportunity to participate in the youth incentive entitlement pilot project, which we are presently mounting at this moment.

Senator RIEGLE. We are all excited about that.

Mr. MONACEL. We also are excited as well as apprehensive.

All eligible youths living in the target area will be offered part-time employment during the school year and full-time employment during the summer as an inducement to remain in school. We look forward to this participation but regret that adequate funds are not available to provide employment opportunities to all eligible youths in the city, which is a problem of ours, and anytime we identify five target high schools, obviously we get inquiries from many of the other high schools.

While CETA programs have provided many benefits to the community, there is a need to insure even greater participation by local educational agencies in public service employment programs. School districts, especially those in large cities can offer many meaningful employment and training opportunities to persons that public service employment programs are designed to serve. At the same time, many services which would not otherwise be available to the school district would be made possible by these programs.

We believe it has been clearly demonstrated that with minimal training, even the most unskilled worker can provide meaningful and much needed services to children in the schools. Many school districts throughout the country are employing and training previously unemployed persons to work as custodians, clerks, security officers, paraprofessionals and health workers. We know limited financial resources prevent most large city schools from adequately filling these types of positions. Yet in spite of these opportunities for unemployed persons

and the great financial crises facing most large school districts, nationally only 10 to 15 percent of the CETA funds for public service employment and training programs are being received by local educational agencies.

In large cities the municipal government acting as prime sponsor for CETA-funded programs can unilaterally decide how much of the CETA funds will be made available to other agencies. Since most school districts are separate and distinct units of government from the city in which they are located, school districts must compete with other agencies for CETA funds which are made available by the prime sponsor. Even with the close cooperation that exists between large municipalities' governments and the school districts, there are many unmet needs in the school which could be alleviated by manpower programs. For instance, in the city of Detroit where the municipal government and the school district have worked closely together in administering CETA-funded programs, the school district could easily make effective use of a 50-percent increase in its CETA allocation. Incidentally, in the first few years when we were calling this EEA, the school district did enjoy approximately 29 to 30 percent of the total funds and I believe used those funds well. That percentage has declined in the recent years under the CETA legislation. It is my sincere belief and certainly that of Superintendent Jefferson, that with some modification to the existing legislation, benefits derived from the aforementioned CETA programs can be substantially increased. For example, recent amendments to CETA, title II, contained a provision that at least 22 percent of the prime sponsors' allocation for youth employment and training programs is to be set aside for local education agencies to conduct programs for in-school youths. This concept should be and could be incorporated into other titles of CETA.

And finally, my superintendent urges members of this committee to give favorable consideration to the continuation and expansion of the Comprehensive Employment and Training Act and to thoroughly explore that role that the school districts can play in achieving the roles of the legislation.

I would like to thank you on behalf of Superintendent Jefferson of this school district and the city of Detroit for the opportunity to present the statement to the committee today and certainly all three of us would be pleased to respond to any questions you might have.

Senator RIEGLE. Well, I appreciate your testimony and I am going to include your entire statement as part of the record.

Let me raise with you a somewhat different issue than the ones you put forward here, and I know these are important points you made, and they will be carefully considered.

One of the issues that had arisen yesterday in our testimony from witnesses that appeared before us in Grand Rapids and earlier today here is the fact we are finding an increasing number of CETA prospects and applicants who have completed high school, but whose basic skills in certain areas are just deficient. Reading and writing are the two things that are frequently mentioned, computational skills and so forth, and what is happening is that when they come into CETA, that the training component by itself isn't enough, and that in addition to the training component, there's not a good remedial aspect

that gets to some of these more basic kind of learning skills, that one would hope we would have found a way to deal with, you know, in 12 grades of school that they were in previously.

I talked with Mary Ellen Riordan when she was here today as to what accounts for this, and her response to that was, that was a concern and she acknowledged that was a concern and it was a fact, and several things accounted for it in terms of too large a class size and she had offered her theories as to where in the education process K through 12 the greater emphasis should be put.

What I'd like to ask you to respond to is, what in fact you are experiencing along those lines, because in a sense rather than spending an additional chunk of money in CETA to do a remedial job, it seems to me we would be better advised to take whatever that chunk of dollars we might earmark and move it back earlier in the process, plug it back into the education system and try to get the job really done at that point. I am just wondering what thoughts any of you would like to offer on that.

Mr. MONACEL. I will ask these gentlemen to help. I would concur, and would hope there was a way within the rules and regulations and legislation to help the school districts, particularly their high school programs to more carefully develop a graduation requirement program. I assume you are aware that Detroit Public Schools is undergoing a major change in its senior high schools, in terms of rapid changes in high school graduating requirements, including by 1980, the profiiciency requirements for graduation. I would very much like the opportunity, with additional staff and additional facilities, to more readily guaranteed basic skills before we enter in any kind of job program.

Senator RIEGLE. Well, you know, it's so hard to try to relate it to my own experience in school, because I was in Flint. It was awhile ago, and who knows how things are different today.

It seems like even with too large a class size, that when we have got that long, when we've got a student from the time they are 5 years old until the time they are 18, that the basics, reading and writing and elementary arithmetic and so forth and computational skills, man, if we don't get anything else done, we ought to be able to get that done in 12 or 13 years of time. I think it's hard for any citizen that's outside of education to imagine why it is taking that long of a stretch of a time to take a crack at that problem, that can't get done.

Mr. MONACEL. I certainly concur in terms of the mystery of the problem, but the phenomenon of the lack of basic skill achievement is shared by all urban areas.

Senator RIEGLE. Maybe we are trying to do too many things.

Mr. MONACEL. I don't think so. I think it is a national dilemma, and particularly in urban institutions. I don't think many urban areas in the United States differ in this dilemma of reading, writing, and computational skills and so on.

Senator RIEGLE. I am not suggesting that it's a Detroit problem apart from a national problem.

Mr. MONACEL. Right. I believe that as a former superintendent Norman Drachler used to talk about the fact that he'd like to try additional funds as long as he can, and if additional funds didn't work, then he would be perfectly satisfied to try other things.

One of our problems has always been, particularly in Detroit, one of dollars. We have gone through serious fiscal dilemmas over the past decade. I wouldn't want to bore you with what you know. Without question, it impinges upon the child. We can talk all we want about what we know or don't know about class size, about committed teachers and about the status of training of teachers, but frankly, I believe, that there are needs beyond that, and those are explicit needs. There are sociological, economic, and other bases for the dilemma that is impinging now and has been in the urban areas, and all of that, it seems to me, not only requires community participation, community willingness to interact with the schools, which they do, and probably need to do in a more accelerated fashion, but it also requires money. Perhaps that's even differentiated money. I certainly agree that a job program through CETA's youth entitlement to attract kids to finish school is only a partial answer. If the child, even in that program, is not going to increase his skills, his basic skills, we really aren't getting anywhere. I agree with that. I hate to say that the answer is money. I think it's more than money, but money is a prime ingredient.

Senator RIEGLE. Well, there is another point I want to get to in a second, because it seems to me another part of the mystery we have got to find a way to solve, but somehow or the other, it seems to me we've got—I don't know if it's class size. I don't know whether it's scaling down the amount of material we try to cover, whether we wait to sort of take people into the sciences and into the other subject matters, you concentrate all of the schoolday on one or two basics for as long as it takes to get those done, and that's going to take longer in some cases than others before we broaden out into home economics and what else we are offering.

The second issue which has come up time and again, too, is the whole counseling question. Let's say we are getting the basic skills job done or doing as well as we can do it, then the question is at what point in the game do we start tailoring and assisting young people in really thinking in a practical, focused way about what the real job choices are, and how they are orienting themselves in a variety of ways and in the right direction into what is to become a direct path.

As I go back and look at my own experience in high school, which is Flint and what was some years ago, we had counseling in name, but we sure as hell didn't have it in fact that I ever saw, and I find very few kids anywhere in the country who are in high school today or just coming through high school who feel that they got anything more than a tip of the hat in terms of any kind of serious counseling effort. I am just wondering if maybe in that sense that's another place we are missing the boat. I don't mean specifically in Detroit. I am talking about in an institutional deficiency.

Mr. MONACEL. I think it's a definite deficiency, and fortunately or unfortunately Detroit is having the opportunity to look more carefully at that same thing through the series of Federal court orders under desegregation. Our desegregation order has also ordered a tremendous expansion of guidance and counseling facilities, even permeating some of our big elementary schools.

The court orders, with regard to desegregation, are also scheduled for a more definitive citywide reading program, which really means a more direct approach to the acquisition of basic skills. In many ways,

Detroit through its desegregation order may be able to prove or disprove that additional finite kind of counseling from elementary school on, that the creation of greatly expanded vocational programs can help the child determine what his goals are to the extent that that enhances his ability to acquire basic skills based on the impetus on where the student wants to go. So regardless of those who believe or don't believe in the desegregation court order, ours is so unique in that most of the money attached to the desegregation order has to do with improved educational programs, in-service training, guidance and counseling, and reading. It is going to be an educational demonstration perhaps more important than a desegregation demonstration, and I hope some of the answers to your questions are resolved there.

Senator RIEGLE. Well, we are also going to be reauthorizing the Elementary and Secondary Educational Act this year, so my interest is also in terms of thinking about how we might want to doctor that legislation differently, really sort of powerpack the places and the bottlenecks in this process where we are really sort of not getting it done. It seems to me that the concentrating in certain areas, and also I think just the fact that a youngster, I think, is probably through that degree of attention that you get, and the degree to which you get focused on individually and somebody is helping you, thinking about yourself and your situation may well be the simple multiplier of it all. There is enough about human nature that we do know—there are places that experiments are conducted where you get that kind of attention and consideration and your whole self-worth changes and a lot of things become possible.

Well, I really appreciate your coming down today. I wish we could talk at much greater length, but our time is important to us and we appreciate having you. Thank you very much.

[The summary statement of Mr. Monacel and prepared statement of Mr. Jefferson follows:]

SUMMARY

Mr. Chairman, I am Louis Monacel, Assistant Superintendent of the School District of the City of Detroit. I welcome the opportunity to appear before this committee in order to express my support for the continuation and expansion of programs funded under the Comprehensive Employment and Training Act.

During the past several years the School District has conducted under subcontract from the prime sponsor, the City of Detroit, employment and training programs for youths and adults. These programs have provided meaningful employment and training opportunities to persons who were frustrated in their efforts to find jobs. In addition, many youths who would have otherwise dropped out were encouraged to remain in school until graduation.

While carrying out the primary intent of the legislation, the School District has received considerable support in its effort to provide quality education for pupils throughout the City. Providing assistance for school security and supporting a school health program are two examples of the vital services being rendered to the community by CETA.

It has been clearly demonstrated that with minimal training, even the most unskilled worker can provide meaningful and much needed services to children in the schools. Many school districts throughout the country are employing and training previously unemployed persons to work as custodians, clerks, security officers, paraprofessionals and health workers. Limited financial resources prevent most large city schools from adequately filling these types of positions. Yet in spite of these opportunities for unemployed persons and the great financial crisis facing most large school districts, nationally only 10 to 15 percent of the CETA funds for public service employment and training programs are being received by local educational agencies.

I urge this committee to carefully consider ways to increase the participation of school districts in CETA programs.

I would like to thank you for the opportunity to present this statement to the Committee today. I would be pleased to respond to any questions the Committee might have.

TESTIMONY

OF

ARTHUR JEFFERSON
GENERAL SUPERINTENDENT OF THE
DETROIT PUBLIC SCHOOLS

ON

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

BEFORE

THE

UNITED STATES SENATE
SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR

OF THE

COMMITTEE ON HUMAN RESOURCES

FRIDAY, FEBRUARY 17, 1978

9 A.M.

CITY COUNTY BUILDING - AUDITORIUM

TESTIMONY

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM ARTHUR JEFFERSON, GENERAL SUPERINTENDENT OF THE SCHOOL DISTRICT OF THE CITY OF DETROIT. I WELCOME THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE TO TESTIFY ON THE REAUTHORIZATION OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT.

MY PRESENTATION WILL RELATE TO THOSE EMPLOYMENT AND TRAINING PROGRAMS FOR YOUTHS AND ADULTS FUNDED UNDER VARIOUS TITLES OF THE ACT WHICH ARE CURRENTLY BEING CONDUCTED BY THE SCHOOL DISTRICT UNDER SUB-CONTRACTS FROM THE CITY OF DETROIT.

FOR THE RECORD, I WISH TO STATE THAT DETROIT SCHOOLS HAVE DERIVED SUBSTANTIAL BENEFITS FROM PROGRAMS WHICH ARE OR HAVE BEEN SUPPORTED WITH FUNDS MADE AVAILABLE BY CETA AND RELATED LEGISLATION, AND I LOOK FORWARD TO THE CONTINUATION AND EXPANSION OF THESE PROGRAMS.

WHILE CARRYING OUT THE PRIMARY INTENT OF EMPLOYMENT AND TRAINING LEGISLATION, WHICH IS TO PROVIDE JOB TRAINING AND EMPLOYMENT OPPORTUNITIES FOR ECONOMICALLY DISADVANTAGED, UNEMPLOYED PERSONS AND TO ENSURE THAT TRAINING AND OTHER SERVICES WILL LEAD TO MAXIMUM EMPLOYMENT OPPORTUNITIES AND ENHANCE SELF SUFFICIENCY, THE SCHOOL DISTRICT HAS RECEIVED CONSIDERABLE SUPPORT IN OUR EFFORTS TO PROVIDE QUALITY EDUCATION FOR PUPILS THROUGHOUT THE CITY.

SINCE THE PASSAGE OF THE EMERGENCY EMPLOYMENT ACT OF 1971 THE SCHOOL DISTRICT HAS PARTICIPATED IN MANY PUBLIC SERVICE EMPLOYMENT PROGRAMS. WITH THE ENACTMENT OF THE COMPREHENSIVE EMPLOYMENT TRAINING ACT OF 1973, THE SCHOOL DISTRICT HAS CONTINUED TO RECEIVE CONTRACTS TO CONDUCT PUBLIC SERVICE EMPLOYMENT PROGRAMS UNDER PROVISIONS OF TITLES II AND VI OF THE ACT. IN ADDITION, TITLES I AND III HAVE PROVIDED FUNDS FOR IN-SCHOOL YOUTH EMPLOYMENT AND TRAINING PROGRAMS WHICH HAD BEEN PREVIOUSLY SUPPORTED BY THE ECONOMIC OPPORTUNITY ACT, THE MANPOWER DEVELOPMENT AND TRAINING ACT, AND THE ECONOMIC OPPORTUNITY ACT.

MORE THAN 1,000 ADULT RESIDENTS OF THE CITY OF DETROIT ARE CURRENTLY PARTICIPATING IN CETA FUNDED PUBLIC SERVICE EMPLOYMENT PROGRAMS OPERATED BY THE SCHOOL DISTRICT. PARTICIPANTS IN THESE PROGRAMS ARE RECEIVING TRAINING AND WORKING AS CUSTODIANS, HEALTH WORKERS, SEASONAL LABORERS, SECURITY INTERNS, TEACHER AIDES, TEACHERS, CLERKS AND TYPISTS. WITH THE EXCEPTION OF THE TEACHING POSITIONS, JOB SLOTS IN THE CETA PROGRAMS OPERATED BY THE SCHOOL DISTRICT ARE ENTRY LEVEL POSITIONS REQUIRING LITTLE OR NO SPECIAL SKILLS, APTITUDE, OR EXPERIENCE FOR PLACEMENT. TEACHERS CONSTITUTE LESS THAN 8 PERCENT OF THE TOTAL NUMBER OF PARTICIPANTS IN OUR CETA PROGRAMS.

PROVIDING ASSISTANCE FOR SCHOOL SECURITY IS A SPECIFIC EXAMPLE OF THE VITAL SERVICES BEING RENDERED TO THE COMMUNITY BY CETA PROGRAMS. BECAUSE OF FISCAL LIMITATIONS FACING THE BOARD OF EDUCATION, THE SIZE OF THE SECURITY FORCE WHICH CAN BE SUPPORTED WITH LOCAL FUNDS IS INSIGNIFICANT IN RELATION TO THE MANPOWER NEED. CETA FUNDS ARE MAKING IT POSSIBLE FOR THE SCHOOL DISTRICT TO EMPLOY, TRAIN, AND MAINTAIN A FORCE OF ALMOST 300 SECURITY INTERNS WHO ARE ASSISTING THE 90 BOARD OF EDUCATION FUNDED SECURITY OFFICERS. ALTHOUGH THE COMBINED SECURITY FORCE IS NOT ADEQUATE IN TERMS OF DEMANDS PLACED UPON IT, THE SCHOOLS ARE RECEIVING SUBSTANTIALLY GREATER COVERAGE.

CETA FUNDS HAVE ALSO MADE IT POSSIBLE FOR THE SCHOOL DISTRICT AND THE CITY HEALTH DEPARTMENT TO JOINTLY ESTABLISH AND MAINTAIN A PROGRAM DESIGNED TO EXPEDITE THE DELIVERY OF PREVENTATIVE AND MAINTENANCE HEALTH SERVICES TO ECONOMICALLY DISADVANTAGED CHILDREN IN THREE REGIONS OF THE SCHOOL DISTRICT. FIFTY-FIVE HEALTH WORKERS ARE EMPLOYED IN THIS PROGRAM WHICH IS SUPPORTED ENTIRELY WITH CETA FUNDS. THE EFFECTIVENESS OF THIS PROGRAM WAS DRAMATICALLY ILLUSTRATED ONE YEAR AGO WHEN IT WAS DISCOVERED THAT 10,000 ENTERING

ELEMENTARY SCHOOL CHILDREN HAD NOT BEEN IMMUNIZED AGAINST SIX SERIOUS CHILDHOOD DISEASES. AMONG CHILDREN IN THE AREA SERVED BY THE CETA FUNDED HEALTH PROGRAM, THE RATE AT WHICH CHILDREN OBTAINED THE NECESSARY IMMUNIZATION WAS SIGNIFICANTLY GREATER THAN OTHER AREAS IN THE DISTRICT NOT SERVED BY THE PROGRAM.

CETA PROGRAMS WHICH HAVE BEEN DESIGNED TO PROVIDE EMPLOYMENT AND TRAINING FOR IN-SCHOOL YOUTHS HAVE ALSO BEEN VERY SUCCESSFUL. DURING THE SUMMER APPROXIMATELY 8,000 YOUTHS PARTICIPATED IN EMPLOYMENT AND TRAINING PROGRAMS FUNDED UNDER TITLE III. CURRENTLY THERE ARE 1,200 YOUTHS PARTICIPATING IN SIMILAR PROGRAMS WHICH ARE FUNDED UNDER TITLE I DURING THE REGULAR SCHOOL YEAR. THESE PROGRAMS ARE DESIGNED TO ENCOURAGE YOUTHS TO COMPLETE HIGH SCHOOL AND ENHANCE THEIR SELF ESTEEM BY PROVIDING THEM WITH FINANCIAL ASSISTANCE THROUGH MEANINGFUL EMPLOYMENT. EACH YEAR THE APPLICATIONS FOR EMPLOYMENT AND TRAINING BY ELIGIBLE YOUTHS FAR EXCEEDS THE NUMBER OF AVAILABLE OPPORTUNITIES.

UNDER PROVISIONS OF RECENT AMENDMENTS OF CETA, TITLE III, THE SCHOOL DISTRICT WILL HAVE THE OPPORTUNITY TO PARTICIPATE IN THE YOUTH INCENTIVE ENTITLEMENT PILOT PROJECT. ALL ELIGIBLE YOUTHS LIVING IN THE TARGET AREA WILL BE OFFERED PART-TIME EMPLOYMENT DURING THE SCHOOL YEAR AND FULL-TIME EMPLOYMENT DURING THE SUMMER AS AN INDUCEMENT TO REMAIN IN SCHOOL. WE LOOK FORWARD TO THIS PARTICIPATION BUT REGRET THAT ADEQUATE FUNDS ARE NOT AVAILABLE TO PROVIDE EMPLOYMENT OPPORTUNITIES TO ALL ELIGIBLE YOUTHS IN THE CITY.

WHILE CETA PROGRAMS HAVE PROVIDED MANY BENEFITS TO THE COMMUNITY, THERE IS A NEED TO ENSURE EVEN GREATER PARTICIPATION BY LOCAL EDUCATIONAL AGENCIES IN PUBLIC SERVICE EMPLOYMENT PROGRAMS. SCHOOL DISTRICTS, ESPECIALLY THOSE IN LARGE CITIES CAN OFFER MANY MEANINGFUL EMPLOYMENT AND TRAINING OPPORTUNITIES TO PERSONS THAT

PUBLIC SERVICE EMPLOYMENT PROGRAMS ARE DESIGNED TO SERVE. AT THE SAME TIME, MANY SERVICES WHICH WOULD NOT OTHERWISE BE AVAILABLE TO THE SCHOOL DISTRICT WOULD BE MADE POSSIBLE BY THESE PROGRAMS.

IT HAS BEEN CLEARLY DEMONSTRATED THAT WITH MINIMAL TRAINING, EVEN THE MOST UNSKILLED WORKER CAN PROVIDE MEANINGFUL AND MUCH NEEDED SERVICES TO CHILDREN IN THE SCHOOLS. MANY SCHOOL DISTRICTS THROUGHOUT THE COUNTRY ARE EMPLOYING AND TRAINING PREVIOUSLY UNEMPLOYED PERSONS TO WORK AS CUSTODIANS, CLERKS, SECURITY OFFICERS, PARAPROFESSIONALS AND HEALTH WORKERS. WE KNOW LIMITED FINANCIAL RESOURCES PREVENT MOST LARGE CITY SCHOOLS FROM ADEQUATELY FILLING THESE TYPES OF POSITIONS. YET IN SPITE OF THESE OPPORTUNITIES FOR UNEMPLOYED PERSONS AND THE GREAT FINANCIAL CRISIS FACING MOST LARGE SCHOOL DISTRICTS, NATIONALLY ONLY 10 TO 15 PERCENT OF THE CETA FUNDS FOR PUBLIC SERVICE EMPLOYMENT AND TRAINING PROGRAMS ARE BEING RECEIVED BY LOCAL EDUCATIONAL AGENCIES.

IN LARGE CITIES THE MUNICIPAL GOVERNMENT ACTING AS PRIME SPONSOR FOR CETA FUNDED PROGRAMS CAN UNILATERALLY DECIDE HOW MUCH OF THE CETA FUNDS WILL BE MADE AVAILABLE TO OTHER AGENCIES. SINCE MOST SCHOOL DISTRICTS ARE SEPARATE AND DISTINCT UNITS OF GOVERNMENT FROM THE CITY IN WHICH THEY ARE LOCATED, SCHOOL DISTRICTS MUST COMPETE WITH OTHER AGENCIES FOR CETA FUNDS WHICH ARE MADE AVAILABLE BY THE PRIME SPONSOR. EVEN WITH THE CLOSE COOPERATION THAT EXISTS BETWEEN LARGE MUNICIPAL GOVERNMENTS AND THE SCHOOL DISTRICTS, THERE ARE MANY UNMET NEEDS IN THE SCHOOL WHICH COULD BE ALLEVIATED BY MANPOWER PROGRAMS. FOR INSTANCE, IN THE CITY OF DETROIT WHERE THE MUNICIPAL GOVERNMENT AND THE SCHOOL DISTRICT HAVE WORKED CLOSELY TOGETHER IN ADMINISTERING CETA FUNDED PROGRAMS, THE SCHOOL DISTRICT COULD EASILY MAKE EFFECTIVE USE OF A 50 PERCENT INCREASE IN ITS CETA ALLOCATION.

IT IS MY SINCERE BELIEF THAT WITH SLIGHT MODIFICATION TO THE EXISTING LEGISLATION, BENEFITS DERIVED FROM THE AFOREMENTIONED CETA PROGRAMS CAN BE SUBSTANTIALLY INCREASED. FOR EXAMPLE:

> RECENT AMENDMENTS TO CETA, TITLE II CONTAIN A PROVISION THAT AT LEAST 22 PERCENT OF A PRIME SPONSOR'S ALLOCATION FOR YOUTH EMPLOYMENT AND TRAINING PROGRAMS IS TO BE SET ASIDE FOR LOCAL EDUCATION AGENCIES TO CONDUCT PROGRAMS FOR IN-SCHOOL YOUTH.

THIS CONCEPT SHOULD BE INCORPORATED INTO OTHER TITLES OF CETA.

IN CLOSING, MR. CHAIRMAN, I URGE THE MEMBERS OF THIS COMMITTEE TO GIVE FAVORABLE CONSIDERATION TO THE CONTINUATION AND EXPANSION OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT, AND TO THOROUGHLY EXPLORE THE ROLE THAT SCHOOL DISTRICTS CAN PLAY IN ACHIEVING THE GOALS OF THE LEGISLATION.

I WOULD LIKE TO THANK YOU AGAIN FOR THE OPPORTUNITY TO PRESENT THIS STATEMENT TO THE COMMITTEE TODAY. I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS THE COMMITTEE MIGHT HAVE.

Senator RIEGLE. The subcommittee stands adjourned and this completes these hearings and we will take them up again in Washington within a week or so.

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

THURSDAY, FEBRUARY 23, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
POVERTY, AND MIGRATORY LABOR
OF THE COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met at 9:18 a.m., in room 4232, Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Javits, Chafee, and Riegle.

OPENING STATEMENT OF SENATOR GAYLORD NELSON

Senator NELSON. The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor today begins hearings on the reauthorization of the Comprehensive Employment and Training Act of 1973 (CETA). Yesterday the administration submitted to Congress legislation to reauthorize and revise the CETA programs. In addition, Senators Javits and Inouye each have introduced bills to amend the CETA law.

At today's hearing and other hearings scheduled within the next 2 weeks, the subcommittee will receive testimony on the various proposals that have been introduced. The Human Resources Committee is responsible for reporting out a reauthorization bill to the full Senate by May 15 under the Senate rules and the Budget Control Act.

The objective of CETA is to provide economically disadvantaged, unemployed, and underemployed persons the services they need to enhance their employability in the private sector or in regular public employment. The subcommittee will be particularly interested in reviewing the current CETA programs and finding out which programs have effectively and efficiently provided employment and training services to meet the objectives of the CETA legislation and which ones have been misused or could be redesigned to better serve economically disadvantaged, unemployed, and underemployed individuals.

Many CETA programs have performed an outstanding job in delivering needed employment and training services to eligible participants. However, a significant number of complaints have reported that State and local governments are utilizing CETA funds to finance jobs which were previously funded exclusively by local revenues. In other instances, the number of job slots in municipal, county, and State governments has been frozen while CETA funds are being used to create

all new positions. The use of CETA funds in this manner is inconsistent with the intent and objective of the CETA law, and creates a situation in which CETA funding becomes just another form of revenue sharing.

The exact amount of substitution of CETA funds for local funds is unknown, although the Department of Labor, the Congressional Budget Office, and the National Commission on Manpower Policy each have examined this problem and have estimated that the extent of this practice ranges from a rate of zero up to 75 percent in various municipalities.

The administration's bill would help alleviate the circumstances under which CETA public service employment funds are being misused. This legislation would limit eligibility for the public service employment positions to the economically disadvantaged, which includes recipients of cash welfare payments, members of low-income families, and persons in sheltered workshops, hospitals, and similar institutions. A Federal wage ceiling of $10,000 per year would be imposed on all public service employment positions, with the further provision that a prime sponsor could supplement Federal funds with local funds by no more than 10 percent of its total public service employment allocation. Furthermore, the amount of time during which a person could hold a public service employment position would be limited to 18 months.

These provisions will help prevent the situation in which a municipal employee is briefly terminated from his position only to be rehired on the Federal payroll, and frequently at a higher pay scale. Moreover, the provisions which serve to curb substitution also benefit the hard-core unemployed. By assuring that CETA funding is used only to create new employment opportunities in entry level positions for economically disadvantaged persons, the CETA programs will be responding to the needs of those individuals who face impediments to good job opportunities even in the best of times.

The subcommittee is pleased to welcome as our leadoff witnesses Ernie Green, Assistant Secretary for Employment and Training; Arnold Packer, Assistant Secretary for Policy, Evaluation, and Research; William Hewitt, Director, Office of Policy, Evaluation, and Research; and Richard Johnson, Special Assistant to the Assistant Secretary for Policy, Evaluation, and Research.

Following the Department of Labor's testimony, Eli Ginzberg, Chairman of the National Commission on Manpower Policy, will present testimony to the subcommittee.

The committee is very pleased to have you gentlemen here this morning, and I suppose you figured it would impress us to bring back a former staff member to sit on the other side of the table; but, if that is what you thought, think again. [Laughter.]

Nice to see you again. If you would each identify yourselves, starting over at my left, for the reporter.

Mr. HEWITT. Bill Hewitt.

Mr. GREEN. Ernest Green.

Mr. PACKER. Arnold Packer.

Mr. JOHNSON. Richard Johnson.

STATEMENT OF ERNEST GREEN, ASSISTANT SECRETARY OF LABOR FOR EMPLOYMENT AND TRAINING, ACCOMPANIED BY ARNOLD PACKER, ASSISTANT SECRETARY OF LABOR FOR POLICY, EVALUATION, AND RESEARCH; BILL HEWITT, DIRECTOR, OFFICE OF POLICY, EVALUATION, AND RESEARCH; AND RICHARD JOHNSON, SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR POLICY, EVALUATION, AND RESEARCH

Senator NELSON. Mr. Green, please begin your testimony. You may present your statement however you desire. The members of the subcommittee may offer comments at any time on the issues which you raise.

Mr. GREEN. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to discuss the administration's proposal for extending and revising the Comprehensive Employment and Training Act (CETA), which you are introducing, Mr. Chairman.

The CETA bill is a significant component of the President's employment strategy. Titles II, III, and IV provide structural employment programs that are needed to reduce the unemployment rates of the economically disadvantaged in our society that traditionally do not share fully in the benefits of economic growth, including minorities, youth, and women. Success with these and the other structural programs is essential if we are to meet the 4-percent unemployment rate goal for 1983 established in the Humphrey-Hawkins bill. The administration is asking for approximately $5 billion in budget authority for fiscal 1979 to fund almost 800,000 slots under titles II, III, and IV.

In addition to the structural programs, the new bill authorizes countercyclical public service employment to pick up part of the slack when private employment growth is inadequate. We are asking for approximately $6 billion for the countercyclical title VI, to maintain through fiscal 1979 the 725,000 public service employment slots that were part of the stimulus program.

The new bill clearly defines the objective of CETA—to increase the earned income of participants. Most of this increase must come from jobs in the private sector. Therefore, we are requesting a new structural private sector initiative program as title VII. The budget asks for $400 million for this title in fiscal year 1979 to establish private industry councils in every prime sponsor area and to finance on-the-job training positions in private industry for economically disadvantaged workers, including many young men and women.

Before addressing the major features of our bill, I would like to provide you with a background for this proposal.

The Comprehensive Employment and Training Act (CETA) was enacted in December 1973 after 12 years of experience with a variety of employment and training programs. CETA replaced several major existing acts, including the Manpower Development and Training Act, the Economic Opportunity Act, and the Emergency Employment Act.

It consolidated previous approaches while decentralizing the formu-

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lation and delivery of most employment and training services. Responsibility was placed largely in the hands of local elected officials who were encouraged to design policy and programs to meet local conditions. We believe that experience demonstrates the wisdom of a decentralized, decategorized system for delivering employment and training services.

CETA has proven to be highly successful despite the difficult economic circumstances under which it has had to operate since its inception. The recent period of high unemployment has been a severe test for programs that were originally designed largely to deal with structural unemployment. With the addition of a large countercyclical public service employment program in late 1974, CETA was asked to respond to a major recession before the new system had really had a chance to get fully underway.

The 1974 amendments were only the first in a series of legislative changes that added new programs or expanded existing ones. Amendments in 1976 made major revisions to the title VI PSE program. More recently, the CETA system was utilized to carry out a major part of President Carter's economic stimulus program. This included more than doubling the size of public service employment and adding major new programs, such as those under the Youth Employment and Demonstration Projects Act of 1977.

I am proud of the results achieved so far. Countercyclical public service employment, financed under last year's stimulus program, is rapidly approaching the 700,000 mark. I fully expect to reach the 725,000 goal in March.

Recent evidence clearly indicates the effectiveness of countercyclical public service employment. Just last week, the National Commission for Employment and Training released the study on substitution mandated by last year's legislation. This study, made by the Brookings Institution for the Commission, finds that the problem was nowhere near as extensive as previous econometric studies had indicated. Even the program that we inherited when we took office had a substitution rate of only 21 percent. The changes that the Congress adopted in 1976 reduced substitution further. The investigators estimate substitution at only 8 percent in that portion of the program subject to the new provisions for targeting jobs on long-term unemployed members of low-income families and requiring that PSE be restricted to identifiable and temporary projects.

Senator NELSON. When you use the percentage figures on substitution, you are using a percentage of Federal funds, not a percentage of the total personnel cost of the recipient; correct?

Mr. GREEN. Right.

Recent data on employment growth indicate dramatic improvements in the number of jobs held by minority workers during the months since the new targeted PSE program began. We estimate that the increase in CETA enrollment accounts for 25 percent of the increase in total black employment since May of last year, when the stimulus funds became available. The conditions of minority youth deteriorated during the first half of 1977. But in the summer of last year as the new PSE program began to take hold, the expansion began to make a difference.

Between the second quarter of 1977 and the most recent few months, the number of employed minority youth increased by about 11.5 percent. For minorities of all ages, the increase over the same period was about 4 percent. This increase in minority employment is substantially larger than the 3-percent increase for white teenagers and 2.5 percent for all whites in this period.

It is easy to forget what the PSE program is in the welter of abstract figures on numbers and dollars. The program provides useful work. Major parks in urban centers, such as Boston, that were once abandoned to overgrowth and vandalism have been reclaimed to serve their original purposes.

In the State of North Carolina, elderly persons are being taken care of in their homes by public service employment workers. The alternative for these older people is less satisfactory and much more expensive nursing homes. In Atlanta, the CETA program builds bike trails. And the story is repeated in communities throughout this country.

The CETA program is also helping individuals who would otherwise suffer the indignities and the loss of skills that go with extended unemployment. In Los Angeles, for example, there are men and women, previously on welfare, who are learning to be workers in geriatric hospitals and nursing homes. In Springfield, there are young men and women who are learning computer technology.

The administration is committed to provide employment and training opportunities to the unemployed and disadvantaged. The commitment is reflected in the dramatic increase in the size and scope of CETA. In fiscal year 1975, the first full year of operation, $3.1 billion was spent on CETA programs. This figure increased to $5 billion in 1976. By 1979, outlays for these programs will total $11.4 billion, an increase of almost 130 percent from 1976. More importantly the number of enrollment opportunities in these programs will have doubled to over 1.5 million.

Although the CETA system has proven to be flexible and responsive, there clearly is room for improvement.

Early in 1977, this administration requested a simple 1-year extension of the act as part of the stimulus program. The extension allowed time for study of the many recommendations for changes in CETA that have been made by congressional members and staff, organized labor, and the business community, organizations representing Governors, mayors, county executives, and community-based organizations, and other interested parties. This final bill reflects many of these recommendations.

In drafting a reauthorization of CETA, we had several major concerns. These include aiming our limited resources at those most in need, controlling the substitution of CETA jobs for regular governmental jobs, emphasizing the provision of training, providing a mechanism for the automatic phasing in and phasing out of the number of PSE slots with changes in the national unemployment rate, increasing the involvement of the private sector, improving the CETA delivery system, and simplifying and reorganizing the administrative provisions in order to reduce the paperwork burden of CETA.

In order to target more effectively, we recommend that the economically disadvantaged—defined as those whose family income is no

greater than 70 percent of the BLS low-income standard—be served by this program. Young people whose parents claimed them as income tax deductions in the previous year should include their parents income in establishing their eligibility for the current year.

We are also concerned about targeting more money to areas that most need it; however, we have not altered the allocation formulas at this time. As you are aware, the Bureau of Labor Statistics has recently revised the methodology for calculating the unemployment figures to make them more accurate. The impact of the new methodology on the allocation of CETA funds is unclear at this time; however, we intend to look at the formulas in light of the new figures, and perhaps suggest changes.

We are recommending that we restrain the wages paid under this act and limit all PSE positions to entry level jobs. We suggest these restraints for a number of reasons: First, to insure that we can afford the maximum number of positions; second, to insure that these positions go to those who have no reasonable opportunity in the private sector; and finally, to discourage substitution. We recommend that the average of all PSE wages paid be kept to $7,800 annually and the maximum federally supported wage rate be $10,000.

We also recommend that the project approach to PSE be continued. The project approach, in addition to reducing substitution, also provides concrete evidence of the work of the individuals who are employed under the CETA program and the usefulness of the program itself.

In addition to limiting the duration of any project to 12 months, we recommend that a limit of 18 months be placed on any individual's participation in CETA. Like the limitations on wage levels and on the type of positions to be created, this limitation is aimed at giving a CETA opportunity to as many of the economically disadvantaged as possible and at reducing the amount of substitution. Making the jobs inappropriate for permanent substitution will tend to prevent CETA participants from taking the jobs and promotional opportunities of regular employees. Eighteen months should be sufficient time for a worker to learn his or her job and be of use to the jurisdiction.

Senator NELSON. May I ask a question at this point?

You state, "Making the jobs inappropriate for permanent substitution will tend to prevent CETA participants from taking the jobs and promotional opportunities of regular employees."

If an employee is participating in the program and he is in an entry level position, and has worked 12 or 18 months—18 months being maximum—and if by attrition there is a vacancy for this entry level job, there is no objection to that employee being hired permanently, by the prime sponsor, is there?

Mr. GREEN. We would certainly encourage that.

While the PSE workers are employed, they will receive the same basic benefits and working conditions as all regular employees.

Senator NELSON. You have some exceptions to that. Are not pension benefits excluded?

Mr. PACKER. Under certain circumstances, that is correct.

Senator NELSON. Unless they have a vested interest or vested right, is what I meant.

Mr. GREEN. CETA funds may be used for pension costs if benefits accrue to the participants. We do not intend that CETA workers be treated like second-class employees.

This new bill will sustain the progress already made under CETA, establish the foundation for future growth, and improve the delivery system. I would like to briefly cover some of the key elements.

TITLE II

Title II is the primary structural title in the new bill. It is here that the fundamental objective of increasing earned income will be met head-on. We recommend that only individuals from families who have been economically disadvantaged for 6 months or more be eligible, and that no local supplementation of federally financed wages be permitted except for those persons already supplemented. We also recommend that public service employment or work experience be limited to 50 percent or fewer of the funds under this title.

TITLE III

National programs will continue to be funded. Under this title we also propose to demonstrate the feasibility of the jobs component of welfare reform by creating 50,000 positions under the terms and conditions of the administration's welfare reform proposal in selected areas.

TITLE IV

We have moved the youth program from title III to title IV, where the Job Corps remains. We are not suggesting substantive change in this relatively new enactment. We will be submitting a report on the youth programs in March 1979 and may want to recommend changes in them at that point.

Title VI will continue as the principle countercyclical public service employment program. The administration is proposing to sustain the level of 725,000 slots that we will attain next month through fiscal 1979. Beyond that point, we are seeking a continuing program of 100,000 jobs in high-unemployment areas regardless of the unemployment rate.

In addition, we are recommending that Congress adopt a trigger formula, beginning in 1980, to insure that countercyclical public service employment, above the 100,000 jobs in the continuing program, is activated quickly when needed and is reduced as unemployment declines.

The triggering formula would provide funds to support another 100,000 jobs, when the unemployment rate exceeds 4.75 percent. For each half percentage point that unemployment exceeds that 4.75-percent level, funds to support a further 100,000 public service employment positions will be added.

We are proposing a somewhat loosened eligibility standard for title VI to reflect the differences between countercyclical and structural unemployment. We recommend that eligibility be restricted to families who are economically disadvantaged for only 3 months, exclusive of unemployment compensation. Thus, the program will be open to

all families where unemployment is causing economic hardship. Such a restriction is needed because this program will serve only one of every five persons who is cyclically unemployed. We would also restrict supplementation of wages, only allowing prime sponsors to supplement the wages, out of their own funds, for 10 percent of the enrollees. The supplementation, moreover, would be restricted to the amount required to bring the $10,000 wage up to that of the appropriate entry level job.

TITLE VII

The current CETA program is not yet successful enough in moving workers from subsidized employment to the private sector. We propose, therefore, a new title authorizing a special new private sector initiative to turn the CETA system from its too heavy reliance on the public sector to the much larger private sector where most permanent jobs will be found.

The major goal of our employment and training efforts is to create permanent skills and placements. Since the private sector is where these permanent opportunities must come from, we believe the private sector should be involved in the process at an early stage.

Previous efforts to involve the private sector have not always been very successful. After discussion with business and industry, we believe that this new $400 million program can successfully involve local industry with local prime sponsors in creating effective linkages between CETA and the private sector.

This new involvement will be through local private industry councils in which industry, business, and labor can discuss methods and programs to increase private-sector participation. Prime sponsors will be encouraged to utilize more on-the-job training in industry and to train CETA program participants for industries where private job opportunities are expanding.

Through these means we hope to be able to make permanent placements of the economically disadvantaged in private-sector jobs. I should make clear that this is not exclusively a youth program. Nor is it separate from the rest of CETA; this new title is intended to change the direction of the employment and training system to the private sector.

I would like to briefly cover several other points.

Spending under CETA is anticipated to grow rapidly after 1979 if the Congress passes the President's welfare reform bill this year. Beginning in fiscal 1980, with the passage of the welfare reform bill, we will increase the structural programs of CETA until they can accommodate the 1.4 million persons we estimate will be served in the welfare reform plan. That achievement will provide a job to the principal earner in every family with children.

We believe it is important to improve the CETA delivery institutions and their coordination with the Employment Service. This is accomplished by increasing the coordination responsibilities of the Governor while, at the same time, insuring a more active role of sub-State jurisdictions in the administration of balance-of-State programs, and strengthening State and local councils.

We consider the reduction of the paperwork burden on local jurisdictions to be a primary objective of this bill. We intend to achieve this

reduction while increasing the information available to the Congress and the administration to insure that the programs are being conducted in an appropriate manner.

We have tried to eliminate nonessential data, reduce duplicative applications, and make the process more understandable. It is our intent that once the basic agreement has been submitted, only information that changes from year to year will require annual submissions from the prime sponsors.

The bill contains other changes to increase job research and relocation assistance, to expand the list of specifically authorized national programs to include displaced homemakers and to increase retraining and upgrading programs that will open new entry level jobs. I am sure all of these changes will be carefully examined in the debate to come.

My staff and I will be available to provide any assistance you may require. I would be happy to answer any questions.

Senator NELSON. Thank you, Mr. Green.

On February 13, we sent a letter to the Secretary, 5 pages, with 19 questions. Are you familiar with that?

Mr. GREEN. Yes, sir.

Senator NELSON. I realize that was only 10 days ago. But, for those questions which were not specifically answered in your testimony, I trust you will intend to submit for the record a specific response to each of the 19 questions?

Mr. GREEN. Yes, sir, they are being drafted now.

Senator NELSON. All right.

As you know, we didn't receive the final draft of the administration's CETA proposal until about 5 o'clock yesterday afternoon. I have not had a chance to analyze it in detail. It will be introduced today.

So I have no notion, as of this moment, and probably will not until the hearings are completed, what suggestions or amendments that I might propose. Nevertheless, a number of us are cosponsoring the legislation. There will be various ideas from members of the committee for amendments.

I would hope that you understand that simply because many of us are cosponsoring the legislation does not mean we approve of every specific point in it, or that we may not offer some substantial amendments.

Senator JAVITS. Would the chairman yield to me.

This is a big problem I have, and I join the chairman in that. May it be understood, without any offense to the administration, when we cosponsor, all we are doing is saying we join in the effort to get a 4-year extension in this order of magnitude. There are many ideas in the bill that are satisfactory and maybe others that are not and others we may add. That understanding would make life easier for me.

Senator RIEGLE. They ought to realize, any amendments we pass make it better. [Laughter.]

Senator JAVITS. Thank you.

Senator NELSON. Let me hedge it a little, let us find out who is the author. [Laughter.]

In your testimony you state that substitution has not been as extensive as some of the previous studies have indicated. I assume, in re-

sponse to the questions that we wrote on February 13, you will specifically address that?

According to the statistics we have, there are cases of substitution of varying percentages of Federal money. You spoke of a figure of approximately 8 percent?

Mr. GREEN. For the new projects, under the economic stimulus activity.

Senator NELSON. The new projects since when?

Mr. GREEN. Those that came into place as of April.

Senator NELSON. You have a substantial number of complaints about substitution. I have noted, in talking to people in my State during the past week, that approximately 100 complaints of substitution or employing people at positions above the entry level had been filed with the Department.

How many of those kinds of complaints do you have from the 50 States? Do you know?

Mr. GREEN. I don't have a list of the complaints.

We have instituted in our regional offices a process of investigating questionable activity as it occurs for staff people to pursue that. The number of cases that we investigated is fairly large.

Senator NELSON. What has been the result of the investigation?

Mr. GREEN. On the amount, in dollars, that we have reclaimed over the issue of substitution or mismaangement, roughly $1,400,000.

Just the other day we transferred a prime sponsorship for a series of reasons: patronage, mismanagement, and substitution. That is the first time that has occurred.

Under our reallocation process of the present PSE buildup, we have reallocated over $9 million for prime sponsor jurisdictions not able to utilize the PSE money and to meet the time frame they laid out to us.

Senator NELSON. This is out of an appropriation of how many billion dollars?

Mr. GREEN. About $6, $6½ billion.

Senator NELSON. Well, if your figure is correct that there is substitution ranging between 8 and 21 percent of the money, that is a very substantial amount in dollar terms. What do you have in this bill that would do something about past substitution? We have had discussions over a period of years about using these moneys as sort of a general revenue sharing; and I think it is clear that some of that goes on, where employees in a regularly established job have been laid off and hired back for the same job.

What do you have in the program to assure that you phase out this kind of general revenue sharing or substitution? Are the provisions in the bill which provide that no one be employed in excess of 18 months going to be applied retroactively, in the sense it applies to anybody who is on the job now and has been before who, in fact, has been paid by CETA funds for an established, classified job in the civil service or in the government of that prime sponsor?

Mr. GREEN. That individual would have 12 months more once the bill is enacted, and it would be 18 months for all individuals coming into the program.

Senator NELSON. In cases where there has been substitution of Federal moneys for an established, classified position within the prime

sponsor's jurisdiction, Federal moneys will not be used for that purpose after 12 months has gone by.

Mr. GREEN. Federal money should not be used for substitution at any time. The time limit on participation will discourage prime sponsors from hiring long-term employees.

Senator JAVITS. First, Mr. Chairman, may I say that the administration—of course we will have differences with you; but I believe you have made a great step forward in respect of this program. I think it is a major improvement and really tries—I emphasize that word—to benefit from experience. I do not wish anything else I say to denigrate my feeling that you really are trying to put this thing on track.

As a matter of fact, you have touched all the bases. The question is if you touched them completely. I compliment you and your associates on this effort.

The three things that you need to reach effectively are expressed on page 7 of your statement, first full paragraph. These, to me, are the prime needs: first, targeting; second, training; and third, the private sector.

Now, I notice that in targeting you yourself admit you fall short, because you said, later on the same page, that, "We are also concerned about targeting more money to areas that most need it; however, we have not altered the allocation formulas at this time."

I think the key question there is what you are trying for. Are you trying to reach people, to wit: the under-par people economically, the 70 percent, for example, of the povetry standard; or are you trying to reach areas; or do you have a mix of both? Have you any decision on that?

What is the philosophy behind this, and how is it carried out in the bill?

Mr. GREEN. We certainly attempt to address both of those. You could have individuals in better off areas that were structurally unemployed who weren't able to enjoy the benefits of that, as well as areas that have substantial unemployment.

We would concentrate our energies I suppose mainly on the individuals we identify by setting our income limits, by focusing the title II—the old title I program on the economically disadvantaged, as a departure from the way the program was previously run.

Senator JAVITS. You will have a tug of war on that. Legally, people wil think this is a myopic view, because the virtue of targeting areas is that it affects the whole area rather than those individuals alone. I believe other witnesses—there is one here in the room now—will make that point very strongly. I just point out to you, this is a subject which we will want to go into completely, and therefore, any supplementary proof you have on this is the right way to go. Rather than area targeting from the point of view of trying to buttress the economy of an area, which has much wider outreach than dealing with individual problems of an unemployed person who may be located in the State or in an area which has very low unemployment rate, 2 or 3 percent; that person is just as eligible as someone in New York, with 8 percent-plus, unhappily for me, unemployment.

I commend to you this is an area which will take further consideration and thought.

Mr. PACKER. Of course, there is a problem between those two approaches. This bill, I think, achieves a balance in two ways. I think perhaps one ought to look at title VI, in which we do have 100,000 jobs provided to areas of high employment in good times and bad. That is one very direct attempt to achieve the ends you desire.

In addition, the person who is unemployed in New York will bring more money to New York than the person who is unemployed in a low-unemployment State.

By the way, the money is allocated—that is, the money for all of title VI—is not allocated on the basis of percentage of unemployment in the country, but it is allocated such that if your unemployment rate is over 6½ percent, you get additional money for that purpose.

We think that the formulas do provide a balance between the two objectives.

Senator JAVITS. It is within a limited ceiling: 100,000. We would not debate that with you now. This is for the purpose of raising the issue.

The next point, provision of training, it seems to me to be super important. You stand in the face of operations which are large operations and have been successful in training. So it is not impossible.

One of the leading ones is the industrial centers. They have been extraordinarily successful compared to the U.S. Government operation in training people for actual jobs. This is, it seems to me, an enormous area for improvement. I would appreciate any comments.

Mr. GREEN. As of last month, OIC, both through national contracts and CETA projects, was funded somewhere in excess of 70 million per year——

Senator JAVITS. If you need a yardstick, there it is. What I would like to see is for us in the U.S. Government to do that type of a job. If they can do it, why can we not?

Mr. GREEN. The function that OIC serves in many prime sponsor areas is to provide institutional training.

In addition to that, we supported them through national contract money to allow OIC to expand their local units. Also we just funded a school-to-work program for OIC to run throughout the country.

We fully agree with you. We think community-based groups are important, and their track record is such that we have encouraged prime sponsors to support them.

Senator JAVITS. I personally think you have to pile into that in a much biggerway than just making the case for the record.

Lastly, the involvement of the private sector. There again, I know of no area in which major improvement would serve better.

Let me give you an example. I once asked the New York Telephone Co. how many technicians—now that is one telephone company, in one city—they could spare in an emergency for U.S. Government service and still carry on the work of the New York City line. They told me 5,000.

When you talk about 725,000 jobs in an economy with 90 million employed and 6 million unemployed, you do not impress me. This is the big challenge to all of us and this administration. How do you get the private sector to put its shoulder to the wheel?

Have you thought this through yet? If you have not, I do not ask you to answer. How are you going to put together these local, private industry councils referred to at the bottom of page 11, how they are going to be financed, managed, directed, or left free? What is your idea?

All you do here, is say this new involvement will be through local private industry councils.

This could turn out to be the most important part of this bill, considering the relationships which I have just described to you, PSE versus total employment and the total private sector, which employs 90 percent of our people.

Mr. GREEN. The private sector councils will be financed with—we estimate approximately $25 to $50 million—maybe for a director, staff, et cetera.

Senator JAVITS. Would you be kind enough to give us a written document stating how, and so on, you intend to organize the local private industry council, plus any other ways in which you intend to involve the private sector, including all the details.

Mr. GREEN. Yes, sir, we will.

Senator NELSON. How fast can you do it?

Mr. GREEN. A week's time.

Senator NELSON. It will be included in the record.

Thank you, Senator Javits.

[The information referred to follows:]

MAR 29 1978

PRIVATE SECTOR INITIATIVE PROGRAM (PSIP)
PROGRAM CHARTER
FISCAL YEAR 1979 IMPLEMENTATION 1/

I. Background

The onset of the recent severe recession in the United States coincided with the decentralization of employment/training programs under the Comprehensive Employment and Training Act in 1974. Prime sponsors, virtually from the outset, were confronted by substantially reduced job openings for potential CETA training program graduates. At the same time, the prime sponsors were called upon to give priority to establishing and filling emergency public service employment jobs which accounted for the largest part of CETA funding. Thus, since their inception, local CETA programs have been heavily oriented toward public sector job creation and work experience. Programs in the private sector -- largely involving on-the-job training -- have accounted for only a very small share of total enrollment. In FY 1977, of the 2.3 million persons who participated in local programs under Titles I, II and VI, only 7 percent (173,000) were enrolled in on-the-job training, primarily but not exclusively, with private employers. Significantly, this public sector orientation has also influenced the program "mix" locally in the comprehensive programs under Title I:

1/ Immediate startup of PSIP in FY 1978 described below.

Work experience	552,000 1/	(43.0) 1/
Public service employment	29,700	(2.0)
Classroom training	536,800	(42.0)
On-the-Job training	164,900	(13.0)
Total	1,283,400	(100.0)

1/ Totals may include individuals who may be enrolled in more than one activity

As the Nation moves out of a period of economic recession and toward the goal of full employment, it is essential that the CETA system, as a principal instrument of selective labor market policy, be enabled to better match disadvantaged workers with the requirements of the private sector. Private business and industry account for approximately four out of five jobs in our economy and will be the primary source of potential job openings for the clientele of CETA programs.

The need to strengthen private sector-oriented programming was explicitly reflected in the President's Economic Stimulus package. The provisions for the Skill Training Improving Program (STIP) were designed to encourage prime sponsors to mount new and innovative employment/training programs in private firms. In order to assist prime sponsors in expanding their programs conducted through private business and industry, without reducing their effort in other program areas, it is now proposed to provide them with additional

funding for this purpose. Also, it is recognized that, in order to engage the active participation of private employers and labor organizations in local CETA programs, it is essential that they have a meaningful role with respect to the content and delivery of CETA services that are intended to result in private employment. Based on these considerations, a Private Sector Initiative Program (PSIP) funded at a level of $400 million and establishing a new system of local Private Industry Councils, will be implemented in FY 1979 (with a startup phase in FY 1978). It is the subject of a new title, Title VII, which was submitted to Congress as part of the reauthorization process.

II. Program Design

A. The purpose of this program is to place disadvantaged persons in private sector employment. The program will make additional funds available to CETA prime sponsors to enable them to expand and improve private sector employment and training services for disadvantaged youth, age 16-24, and other disadvantaged persons (including Vietnam veterans and CETA training program graduates).

B. Funding. For FY 1979, $400 million for this program will be included in the President's budget. Funds will be set aside for prime sponsors on the basis of the CETA Title I formula. These funds will be made available to prime sponsors upon submission and approval of programs which meet established criteria. Proposed

PSIP programs must be developed jointly by local Private Industry Councils and the prime sponsor and approved by both (see below) in order to be funded. There will be provisions for redistribution of unused funds. It is projected that, at an estimated unit cost of $4,000 per enrollee, the program will provide for the hiring and training of approximately 100,000 disadvantaged persons. 2/

C. Eligible Activities. To be eligible under this program activities must directly involve private, for-profit employers in the provision of services for eligible clientele. All activities authorized under the current CETA Title I, except public service employment and "work experience," are eligible for support under this program. These activities might include on-the-job skills training, related theoretical or classroom instruction, "vestibule" or entry-level training, and use of a firm's facilities to train participants for eventual employment in other firms. It is anticipated that various patterns of employer services will be developed during the FY 1978 "startup" phase (see below). Special efforts will be made to keep red tape and paperwork to a minimum. Guidelines on acceptable wages for eligible jobs under the program will be developed locally, through consultation with the local Private Industry Councils. Prime sponsors will be encouraged to test new approaches to involving private, for profit employers in developing opportunities for the disdvantaged.

Participating firms must pledge to hire participants in projects funded under PSIP. Priority will be given to projects

2/ This is a tentative estimate, pending the development of more refined unit cost calculations.

developed by private, for profit employers that:

(1) Provide for the immediate employment of participants in the sponsoring firm before training begins;

(2) Develop their own programs to ready eligible clientele for absorption into their regular work force and pledge to employ those completing the programs;

(3) Use their own personnel to implement all stages of a program designed to prepare trainees for employment in their own work force or in that of cooperating employers and are able to obtain pledges to hire participants from such employers.

D. Participant Eligibility. First priority in the selection of participants for inclusion in projects will be given to economically disadvantaged youth, 16 through 24, with emphasis on the 19-24 age group. Second priority should be assigned to other economically disadvantaged persons. Referrals will generally be made through the CETA/Employment Service system.

E. Employer Eligibility. To be eligible for participation in these projects, employers must be private, for-profit concerns. No size requirements will be established; small firms will be encouraged to participate.

F. Application Procedure. Prime sponsor project summaries will be submitted, reviewed and approved at the regional office level for release of funds.

III. Private Industry Councils

A. Participation in and eligibility for the program by prime sponsors will be conditioned upon their establishment of local Private Industry Councils (PIC's) -- composed primarily of key business leaders including small businesses. Representation may also be provided for local labor leaders in the community.

Where more than one prime sponsor serves jurisdictions within a single labor market area, they will be encouraged to form a single labor market-wide PIC.

The purpose of the councils is to secure more private sector jobs in the Nation's expanding economy for poor young workers (primarily) and to attract greater participation of the private sector in all aspects of the local employment/training system. Particular operational responsibilities will vary according to local labor market conditions. The primary role of PIC's will be to provide for the development of private industry projects to hire and train disadvantaged clients. In addition, a major responsibility of the PIC's will be to review and approve prime sponsor plans submitted under PSIP as a condition for funding. They will also serve as industry contact point to the employment/training system in presenting industry's views and recommendations for making training programs more responsive to hiring needs. In addition, they will coordinate private sector employment/training programs with local economic development planning. Finally, PIC's

will provide direction on ways to increase private sector placement of the disadvantaged.

B. Establishment of Councils

1. The Councils will be appointed by the prime sponsors, after consultation with leading members of the business community including small business. The prime sponsor wi l select a chairman (pro tem). A list of nominees will be prepared by the business community and submitted to the prime sponsor who will select the members, the members will choose their officers. The National Alliance of Businessmen (see below) will provide technical assistance and act as a catalyst in assisting the employer community and prime sponsors to establish effective councils.

2. Business and where appropriate, labor organizations will be expected to submit nominations to prime sponsors for membership on the PIC's. Members shall be selected collaboratively by the prime sponsors and leaders of the employer community and where appropriate, labor communities. Where a National Alliance of Businessmen Metro organization is in being, its membership and structure shall receive primary consideration as the business sector's core of the PIC. Prime sponsors may also use existing STIP oversight committees as a base for the development of PIC's.

C. Specific Responsibilities

1. The Councils will work with prime sponsors and private employers to develop placement opportunities and related on-the-job training and other employability development opportunities in the

private sector for CETA participants, utilizing the local Employment Service for labor market information as appropriate. A major responsibility of the PIC's will be to establish numerical goals for the local program in terms of projects, participants and placements and to provide for periodic assessment of progress toward these goals. These private sector employment/training opportunities will be developed, particularly with the aim of transitioning public service employment enrollees to private unsubsidized jobs.

2. Councils may serve as a delivery agent for the prime sponsor in promoting, negotiating, and contracting for OJT with the private sector employers where the prime sponsor and the Council agree on this approach.

3. The Councils will furnish information to local manpower planners, such as the nature and extent of occupational demand and training needs in the community. This information might include, for example, trends in shortage occupations in which on-the-job training opportunities or institutional instruction should be developed consistent with the supply characteristics and needs of the resident clientele served by the employment/training system. They will develop and make available to the prime sponsors and business communities, model cooperative arrangements tailored to local conditions.

4. The Councils' role will not be limited solely to advisory or informational functions. Approval of a prime sponsor's

application for PSIP funding will be subject to the concurrence of the local PIC. Moreover, PIC's are to have a direct and substantive role in the development of the sponsors overall PSIP plan and in developing specific projects. The Councils will participate in the establishment of training standards and specifications for particular jobs. They will actively monitor the performance of the entire local delivery system -- including CETA and ES -- in meeting industry's needr. They will report regularly to the National Alliance of Businessmen (see below) on how to improve employment/training programs in the private sector, based on their local experiences.

5. The Councils will be encouraged to link their activities to the operations of the economic development arms of local governments.

6. The Councils will carry out any other activities that will enhance the integration of private sector recruiting, hiring, and training activities with ES and CETA.

D. Financing. It is envisioned that the private sector will make a substantial contribution to meeting the costs of an Executive Director and the necessary secretarial staff personnel. Industry contributions may be in the form of "loaned" staff, office facilities and supplies, in lieu of cash. The Councils will be funded by the prime sponsor from his share of the private sector allocation. Such funds shall be used by the councils to provide staff, and support capabilities as necessary.

E. Organizational Relationships

1. CETA Planning Councils. While local Private Industry Councils will be separate, organizationally, from the CETA Planning Councils prime sponsors will be expected to develop means of appropriately coordinating the work of the two Councils. PIC's will be expected to provide advice to prime sponsors on the full range of CETA programs and issues through the CETA Planning Councils.

2. ES Employer Committees (formerly JSIP). These committees, which are currently being expanded and have a very specific function in advising local ES offices on their operations, will remain autonomous but available for information and advice, as needed.

IV. National Leadership and Promotion

The National Alliance of Businessmen while maintaining its voluntary program will undertake as part of its services to provide national leadership for the private sector's participation in the Nation's employment and training activities to increase placement of the disadvantaged unemployed in private sector jobs and to promote and provide technical assistance to business and prime sponsors in forming local Private Industry Councils. Among specific functions envisioned for the NAB are: (a) To establish and maintain a reporting system for the purposes of monitoring the goals established by local PIC's and progress toward achieving them; (b) to coordinate and promote national contracts with national companies having multi-State plants

and offices; (c) to provide advice and consultation to Department of Labor regional offices in reviewing PSIP proposals as necessary and as time constraints permit.

NAB will provide leadership and technical assistance to local private sector participants to enhance their capability to achieve the purposes of the PSIP. The NAB organization would not be responsible for financing the staffing of local councils, but may where locally appropriate contribute to the support of the PIC. Among the technical assistance activities would be consultation and guidance on selection of local council members; qualification review and guidance on selection of local council staff; development of model corporate charters for local councils; sales promotion plans for increasing private sector placement of CETA clients; OJT contracting packages, and skill training programs and related industry-related training approaches; and consultation on managing local councils.

V. FY 1978 "Start" Phase

During the remainder of FY 1978 a 'startup' phase of the PSIP will be launched. This will involve the selection of "high emphasis" communities, a technical assistance program, a feedback process and a mid-summer working conference.

A. "High Emphasis" Communities

Between 30 to 40 communities will be selected for 'high emphasis'. They will receive planning grants for a small staff. This staff will work with the private sector and develop PIC organization and program models. The communities will be selected primarily on the basis of unemployment data and past public/private sector relationships. The communities will be announced in April.

B. Technical Assistance Program

A vigorous technical assistance program will be launched soon after the April announcement of the 'high emphasis' communities. NAB will participate with the DOL Regional Office in making technical assistance available to the "High Emphasis" communities.

A Technical Assistance Guide will assist prime sponsors in formulating PSIP programs.

C. Feedback Process

A "feedback process" would be introduced very early in the launching of the "high emphasis" communities. Both NAB and the RO's would submit periodic reports on developments in

the "high emphasis" communities. These reports would, in turn, be sent to all prime sponsors in a condensed form. In this way, they would be kept abreast of methods being developed for PSIP programming.

D. Mid-Summer Working Conference

In mid-summer a Working Conference of "high emphasis" communities will be held in Washington. This meeting will explore the issues which surfaced in these communities. Program models will be discussed and plans for the next few months will be designed. Results of the conference will be distributed to all prime sponsors to assist in their formulation of PSIP programs for FY 1979.

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Senator NELSON. Senator Riegle.

Senator RIEGLE. Thank you, Mr. Chairman.

Several things I want to try to cover. First of all, reallocation of moneys. I do not know the case of the prime sponsor you spoke about, and I assume if it were in my State, I would have heard about it. In any case, one thing we did hear from witnesses we had before the hearings in Michigan last week was that we have some areas where we have CETA workers employed on activities that have to come to a stop in the dead of winter, certain kinds of public projects that, when you have 4 or 5 feet of snow on the ground, have to stop. The intent is to continue to work and, weather permitting, it does.

I would hope we have enough sophistication to not punch a hole in the projects that are sound and justified that otherwise would be funded.

What I would like to know, I really need to have an assurance we are not going to miss the boat on situations like that, whether they be in my State or others. Apparently, moneys have been withdrawn, or the threat made, and reprogramed elsewhere.

Mr. GREEN. We have had, in previous weeks, areas hard hit by weather. We certainly didn't reallocate funds because of that impairment.

Senator RIEGLE. This is essential, because I would hate to have a project underway basically jeopardized for that reason. I could not believe that was really your intent.

With respect to the Brookings study, as I understand it in terms of the substitution factor, the study was designed to look at the activity you have taken on at Labor and been administering while trying to minimize the substitution. Apparently, they find an 8-percent substitution factor. What you inherited when you came in was estimated to be about 20 percent. Right now we have some mix, because we have the new activity at the lower rate and priority activities, presumably, running at a somewhat higher rate.

We got a lot of mixed testimony from public officials in Michigan in terms of the degree to which there is or is not substitution. I get the feeling the pattern is uneven. Areas hard hit economically and where other factors may be eroding the tax base, you get more incidents and pressure for substitution.

I found out that in the city of Livonia, Mich., they reckoned that about 10 percent of their city personnel today are CETA employees. They make the case that many of them are in newer projects, things they would not otherwise take on.

Then, if you go to the city of Pontiac, Mich., a poor city, they estimate now about 20 percent of their employees are CETA-funded employees. This is the entire city work force. Obviously, some kind of substitution of a more direct sort is taking place.

When Coleman Young testified from Detroit, we did not get a specific percentage; but I am confident it is above 10 percent.

In any event, I wonder if we really have sophisticated data available to us, either prior studies or this Brookings study, to get to the issue of the extent to wh[illegible] substitution is happening, in a very substantial way one place a[illegible]naybe not so much another, because the situation is altogether di[illegible]nt?

Mr. PACKER. The Brookings study does try to get at that. I should point out that substitution, to the Brookings scholars as well as most other scholars, is jobs that would have been there in the absence of the public service employment program. So that if a city was going to lay someone off, but the presence of the program prevented that layoff, that is not substitution. If we provide 100 jobs through this program, and 50 of them would be there anyhow, then the substitution is 50.

Senator RIEGLE. I think this is a key issue. What I am finding, at least in my own State, is that there is a shrinking capacity for local units of government to finance their operations. Layoffs are becoming almost a fact of life, maybe not large, immediate layoffs, but attrition and failure to rehire. In effect, the condition I am seeing where I come from is, in effect, a substitution. We can make the distinction that it is not because there are layoffs. In a deep sense, it is.

It is lacking in these local governments. They desperately need the CETA money and employees to carry out their functions. If they are taking on that kind of nature, at least in some parts of the country, it is important for us to recognize that.

Is your observation different from that or not?

Mr. PACKER. I didn't want to leave the impression the substitution you are speaking of is on top of the 21 percent.

Under the sustainment level, 39 percent of the jobs were for program maintenance, 39 percent of the slots allowed hard-hit communities to maintain essential services, rather than layoffs.

Senator RIEGLE. We are really talking about a figure at this maintaining service level, about something that is 39 or 40 percent. That is a very big percentage, it seems to me.

Do you have any way of assessing the degree to which that varies? Is it similar across the country?

Mr. PACKER. We have it not by region, but by type of jurisdiction; city versus suburbs, by the physical condition of the city. The program maintenance is considerably higher in hard-pressed cities.

Senator RIEGLE. I think we may have to devise some way to take account of the fact that we are not a completely homogeneous number of States and localities. We are facing vastly different situations, and we have to have some way to make the adjustment.

Let me give you an illustration in wage rates. You want to target the public service jobs at an entry level wage of about $7,800, with a ceiling of $10,000 a year.

What I hear from administrators in my area, in terms of the public service side of it, is that in many cases that is below the entry level wage at the present time. They are immediately put in a bind where, to carry out public service work of the sort they feel they need to try to do under CETA, they immediately have a shortfall.

I don't know whether that wage rate would work quite adequately in some other area in the country with a lower wage scale situation, but I am wondering if we are not going to have to have some kind of an indexing scheme. If you are going into a highly industrialized metropolitan area, you are looking at a situation where we may be closing the door, almost at the outset, here, because we are setting wage rates lower than the lowest rung on the public employment service ladder anyway.

Mr. PACKER. We propose the $7,800 average to be indexed to reflect wage rates as they vary across the country.

Senator RIEGLE. Indexed how high?

If you are setting the ceiling at $10,000, that does not leave much.

Mr. PACKER. That is right.

We also provide the ability to use 10 percent of the funds to supplement the $10,000 ceiling. I think we have addressed the problem in that way.

Senator RIEGLE. I am not sure that is going to do it, frankly. I do not know that the $10,000 figure is sufficient.

Let me quickly touch on one other thing. There is a lot of discussion about the question of whether or not the program, as it has been operating, has been designed to cream off the people most ready to go to work, with a minimum of training, experience, and help.

For example, we have talked with a number of CETA employees who are college graduates. They sort of use CETA as a half-way house for coming into a private sector assignment, when one can be found.

If we tighten the program down and target it on the structurally unemployed, then the question is, What are we going to do about the group we have been servicing, because they were not being picked up because of the slack in the economy; the ones most job-ready but not able to get into jobs?

If we pull the focus away, what happens to them? How do we intend to pick them up?

Is there some idea, rather than just walk away from that problem in terms of picking up another problem that is severe, do you have some scheme for sort of dealing with that problem as well?

Mr. PACKER. There is an up-grading segment, which is a small portion of this program.

I think the basic problem you address we try to cover with our overall macroeconomic policies. Last year employment increased by over 4 million people, of which the CETA program, as large as it was, was only a few hundred thousand out of the 4 million increase. We anticipate a 2¾ million increase in employment over each year in the next 2 years, without any substantial increase in the public service employment.

Our concern is that, for many people, they will have the option of the private sector job and take one of these, because it is more attractive for some reason. That leaves the disadvantaged uncared for. In order to target this program on those who otherwise would not get a chance, we do take less direct care of those who, presumably, could make it on their own.

The college graduate that comes in here, that was a real concern when the unemployment was 8 percent. As it gets below 6 percent, that sort of person should have a better opportunity if he or she applies themselves to find a job in the public or private sector, not subsidized by the Federal Government.

Senator NELSON. On the 4 million figure of new jobs, are you talking solely about new entrants into the job market, or are you counting unemployed persons who get reemployed?

Mr. PACKER. Total number of employed. If it was 92 million employed at the beginning of the year, it was 96 million at the end of the year.

Senator NELSON. You do not know how many of those were new entrants into the job market, who had not been there before?

Mr. PACKER. We could submit it for the record. I don't have it.

We did have an increase in the labor force of, I guess it was close to 3 million. A substantial number of those must have been new or reentrants but we would break them down for you.

Senator NELSON. Please submit that.

[The material referred to follows:]

NEW ENTRANTS INTO THE JOB MARKET

We are unable, based on available data, to determine how many of the four million new jobs created during the past year were filled by new entrants into the job market or how many were re-entrants into the labor force.

Senator RIEGLE. When talking about gross increase and people working, it is difficult to know who that is or what has caused that to happen. If you take the fact of all the economic stimulus activity which has taken place in the last year, Carter-administration directed, I do not know what slice of that increment of people now working comes directly out of that, with various job projects, public works jobs, as well as all the things we are talking about here.

I assume it is a fair percent. I want to say one other thing. The thing that concerns me, I think we have a very basic issue we have to struggle with, with respect to the targeting question and who we decide to reach and who we don't; in effect, who is left to the end of the line?

I am very sympahetic that the hard-core structurally unemployed have to be a very major focus of what we are trying to do here. At the same time, in terms of using the human resources we have, people who are almost ready to go and can't make it into the private sector and private jobs, it seems to me you can also make a very persuasive argument somebody 90 percent ready to go, not quite there, if we can somehow act as the bridge through part of CETA and help them make the rest of that link into a job, there is a countless list of benefits we get, not the least of which, they become taxpayers as well as wage earners.

I hope we don't tip the teeter-totter one way or the other. We don't want to take any one segment categorically and move them, in effect, to the end of the line, when we know damn well we will not get to the end of the line. I think we will have to talk some about how we balance that out, because I think we want some equity here in terms of spreading this across the board.

Senator NELSON. Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman.

Mr. Green, first I want to say, I am very sympathetic to this whole effort you are making here. I think it is extremely important and want to join in whatever contribution I can make in making it successful.

I must say that the experience I have noticed under CETA has been less exceptional than perhaps you noted in your statement here or even in the Brookings statement on substitution. The experience I have seen in the area that I come from, is that CETA has become, in effect, a sort of a revenue-sharing program for the communities. I think that is why we will find the mayors and community leaders pouring in here in support of CETA program.

Could you explain what we are going to do about a situation currently existing where many of the cities are using the CETA employees in a very substantial way to maintain their city services?

You can argue whether they would have cut their services and they only took these people to fill jobs that would not have been there. I do not know.

Even in the school programs, we find that CETA is carrying a tremendous load.

Now, maybe one of the solutions is going to be, as I understand you have recommended, by law it be limited to 18 months. Is that so?

Mr. GREEN. Yes, sir, that is correct.

Senator CHAFEE. That has not take place prior hereto. It is going to cause quite a wrench in many of the municipalities.

Is this true throughout the country or just in the Northeast or Midwest?

Mr. GREEN. I think this impacts on some areas more heavily than others, but it is not only the time limit we are imposing; we are limiting PSE to only entry level jobs, and will continue the project mode, whereby PSE jobs will usually be in specific projects. With regard to the area Senator Riegle indicated, those college graduates—and there are a substantial number that are in the program presently, with education beyond high school—looking at family income the previous year, is a move in the right direction of keeping the PSE slots for those individuals who most need to be served by them.

Senator CHAFEE. This would eliminate the half-way house situation?

Mr. GREEN. I don't know about them.

Now, technically, a college student who has been unemployed 15 weeks or more, has no source of personal income, could easily qualify and meet all of the qualifications we have in the act now. We have, I think, a responsibility regarding the projects we approve. If it is simply to support the law office of a local city government, it is unlikely you will get many disadvantaged people that can perform that type of function. It seems to me all of this moves——

Senator NELSON. Just for clarification, did I understand a college graduate may very well meet all of the standards in the bill?

Mr. GREEN. Yes, sir, under the act at the present time.

Senator NELSON. Not in the new proposal?

Mr. GREEN. I am referring to the present act.

Senator CHAFEE. I have problems with these public service jobs. I thought that the Brookings report was very charitable. The ones I discovered that aren't in their categories are the ones that have a very limited outside, private sector requirement, for instance, being a fireman, in a city. They take CETA employees and train them to be firemen. That's fine.

At the end of 18 months, that person's marketability is very limited; only limited, really, to the city. There is no other place where firemen can get a job. Then you run into the problem of a civil service list of some type.

Could you address that, give me a little optimism on these public service jobs?

Mr. GREEN. Under the old program, the sustainment program, you could very easily be a fireman. I think that is where we find the bulk of the firemen and sanitation workers in those figures.

After we started with the projects mode, I don't know of any projects we approved for firemen. I don't think we did approve any. Those vital service areas are, for the most part, all in the sustainment fig-

ures, the 310,000 jobs that were available before we began the economic stimulus activity.

This new bill would make it more difficult. You could conceivably supplement wages with 10 percent of the funds under our proposed bill, but I doubt if there would be enough money for many firemen or policemen given their pay criteria.

Senator CHAFEE. You mean the $7,800?

Mr. GREEN. No, $10,000. We allow a supplementation of the $10,000 from other sources in an amount up to 10 percent of the prime sponsor's allocation.

Senator CHAFEE. Mr. Chairman, I think it would be helpful if, when we complete the hearings of the people whom you have got lined up to come before us, I personally would find it helpful if Mr. Green could come back again and we could review with him what we have learned from the other people.

Mr. Chairman, if we could possibly set aside for Mr. Green, toward the end of these hearings you have set up, another visit, I would find it helpful if he and his group could come back in.

Senator NELSON. I would assume that you would be monitoring the hearings in any event. You would be prepared to come back and discuss those issues that raise unanswered questions?

Mr. GREEN. Yes, sir, we would.

Senator CHAFEE. Thank you.

Senator RIEGLE. I want to talk with you about the relationship between CETA, taken as a package, and the Humphrey-Hawkins legislation. It is my sense for this, CETA is aimed toward a certain segment of problems and difficulties. It really fits into a larger framework which, I think, we can talk about in terms of sort of the Humphrey-Hawkins concept of really planning toward a full employment economy, as we define that under version four of Humphrey-Hawkins.

This committee has joint jurisdiction with the Banking Committee, on which I also happen to serve, on that legislation.

In any event, how do you see, if you agree with the concept that this essentially fits under the umbrella of a more comprehensive Humphrey-Hawkins full employment framework, at least briefly comment on that proposition and give us some understanding of how the two fit together and relate to each other.

Mr. GREEN. We see this fitting into the Humphrey-Hawkins framework. The structural unemployment problems are going to be a key issue as we reduce overall unemployment. Youth, women, blacks and other nonwhites have had a disproportionate share of unemployment. Reducing that difference is important in achieving our goals. Our ability to target these programs seems to me important.

Assistant Secretary Packer, who has been doing some other work on this, may have some additional comments on it.

Mr. PACKER. I would agree. This is an essential, a necessary but not sufficient, part of an overall program to achieve the Humphrey-Hawkins goals.

Senator RIEGLE. Is it fair to say if we just do CETA and we do not get this larger framework in place, CETA can never really, by itself, solve our basic unemployment problems in our country; it deals with just a piece of the problem?

Mr. PACKER. That is correct.

Senator RIEGLE. It seems to me we have to be working on these things in tandem. In effect, I think, in certain ways, we even handicap CETA if it gets authorized and funded but we don't have the larger framework.

I think the reason that is so is that we are constantly going to be shoveling against the tide unless we get a broader strategy and process worked out in terms of the overall national effort in the direction of putting people to work. I think it is important we stress that relationship.

I would say to you, it is my keen feeling we have a relatively shorttime legislatively this year to enact the Humphrey-Hawkins legislation.

I think, for obvious reasons, we have a lot of established constituencies as far as enacting CETA legislation. That is easier to do than bring on version four of Humphrey-Hawkins, because there is a lot more controversy and less certainty about what that is all about.

I would hope that the administration would really coordinate its strategies here. Once the coal strike is resolved, once the Panama Canal is resolved—if it ever is—once we deal with the energy situation, and some of the other things that are jamming the process. What will be left in terms of time to get Humphrey-Hawkins done, when there is labor law reform, etc. Unless this is recognized as a parallel effort where both things have to be done and within this timeframe of the shrinking legislative period, chances are we would not get it done. I hope, in terms of where you put your blue chips and the President puts his blue chips in terms of effort and pressure, I hope it will be to get these things done as a package and not separately.

If not, it is like bad program design. We would be putting too great a burden on CETA.

I understand the affirmative action requirements originally included in the legislation have been dropped out; is that correct?

Mr. GREEN. Not really.

Senator RIEGLE. Between the first draft and, now, what has been presented.

Mr. JOHNSON. In the first draft, which your staff saw, there was specific affirmative action language. Upon further exploration, looking at other language in the statute—there is language requiring that significant segments of the population be served on an equitable basis—the feeling was the language was all right in the statute, with some additions, which we can point to line by line. We have adequate authority within the legislation to review the activities of State and local prime sponsors in terms of their serving significant demographic segments of the population.

It seemed to us the manner it was drafted in, in the first place, was not an appropriate way to do it. We had a number of conversations with members of the congressional staff in working this out.

Senator RIEGLE. Your answer is, you feel you have the same thing, with the fact you have reviewed the original legislation, you think you have got the beginnings of that, plus some additions you are saying you made in your latest draft here, taking those two things together, that you have sufficient authority to see to it there is not discrimination and there is a affirmative action effort being made; is that correct?

Mr. JOHNSON. That is correct.

Senator RIEGLE. I would like to indicate for the record what those items are you are building in which will let you do that.

[The information referred to follows:]

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PRIME SPONSOR AGREEMENT ON NONDISCRIMINATION

While the Administration's reauthorization bill has no specific affirmative action language, there is ample authority in the bill for the Secretary to gather the information necessary to determine if significant segments of the population are being underutilized and to order such actions as necessary to assure that prime sponsors conform.

§103(b)(1): The prime sponsor agreement shall contain descriptions of

"(B) methods for recruiting and selecting participants"

"(F) procedures to assure nondiscrimination and equal employment opportunities"

§103(c): The title II program supplement shall contain descriptions of

"(4) the eligible population and the staff identified by race, sex, national origin, and age, and the proposed activities and services for participants from these significant segments of the eligible population"

§103(d): The public service employment program supplement shall contain descriptions of:

"(9) the eligible population . . . ." (identical to 103(c)(4))

Under §104(c) in reviewing plans:

"The Secretary shall require the prime sponsor to take such action as the Secretary deems necessary to bring its plan and programs into conformance

with the Act and the regulations or to improve the administration and effectiveness of the program."

Under §106(c) the Secretary may revoke a prime sponsor's plan and terminate assistance if the prime sponsor is --

"(1) maintaining a pattern or practice of discrimination in violation of section 133, or otherwise failing to make opportunities available equitably among the significant segments of the population in the area it serves"

Under §106(f)

"If the Secretary concludes that any recipient under this Act has discriminated against a participant, or against any person in connection with the administration of the program, or has otherwise unlawfully denied to any person a benefit to which that person is entitled under the provisions of this Act or the Secretary's regulations, the Secretary may take such action or order such corrective action as is necessary with respect to both the recipient and the person who was wronged."

Under §121, conditions applicable to all programs:

"(s) No person with responsibilities in the operation of any program shall exclude from participation in, deny the benefits of, subject to discrimination under, or deny employment in the administration of or in connection with any such program to any person because of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief."

"(s) Employment and training opportunities for participants shall be made available by prime sponsors on an equitable basis in accordance with the purposes of this Act among significant segments of the eligible population giving consideration to the relative numbers of eligible persons in each such segment."

"(t) In the administration of programs under this Act, members of the eligible population to be served shall be provided maximum employment opportunities, including opportunities for further occupational training and career advancement. Prime sponsors shall make special efforts to recruit and hire qualified persons reflecting the significance demographic segments of the population residing in the area."

Under §128 (Reports) subsection (d) provides detailed information

"(d) the Secretary may require each prime sponsor to prepare, and make available to the public, periodic reports on its activities under the Act. Such reports shall contain such information as the Secretary may require, including --

"(1) a detailed comparison of program performance with approved plan;

"(2) participant and staff characteristics (cross-tabulated) including age, sex, race, national origin, handicap, education level, and previous wage and employment experience;

"(3) total dollar cost per participant, including a breakdown among salary or stipend, training and supportive services, all fringe benefits and administrative costs; and

"(4) the types of placements that participants receive."

The Nondiscrimination section (§133) has been somewhat clarified

"NONDISCRIMINATION

"Sec. 133. (a) No person in the United States shall on the ground of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in the administration of or in connection with any program or activity funded in whole or in part with funds made available under this Act.

"(b) Whenever the Secretary determines that a recipient of financial assistance has failed to comply with subsection (a) or an applicable regulation, the Secretary, in addition to exercising the powers and functions provided in section 106, is authorized (1) to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) to exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); or (3) to take such other action as may be provided by law.

"(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever the Attorney General has reason to believe that a recipient is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may

be appropriate, including injunctive relief.

"(d) In addition to other remedies, the Secretary is authorized to enforce the provisions of subsection (a) dealing with discrimination on the basis of race, color, religion, sex, national origin, age, handicap, or political affiliation or belief, in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such provisions of such subsection. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any program or activity receiving assistance under this Act.

"(e) No participant under this Act shall be discriminated against by reason of citizenship. Participation shall be open to citizens and nationals of the United States, lawfully admitted permanent resident aliens, and lawfully admitted refugees and parolees."

Senator RIEGLE. I have heard a lot of complaints in this area, about the degree programs, in certain areas, do not have affirmative aspects to them, but deny certain people access to the programs.

The next thing I want to get into is participation in CETA overall by minorities, and by minorities I am using the term as we think of it in terms of groups underemployed percentagewise, and there has been a pattern of employment denial of one kind of another toward racial minorities, women, young people, older people, displaced homemakers.

I wonder if you have any data about what kind of spread we have today versus some past time period of who is holding the CETA jobs, women versus men, what would be the racial makeup, and so forth?

Do we have any data along that line?

Mr. GREEN. Yes, broken down into titles I, II, and VI, 1977, 1976, 1975; and all titles of CETA, there has been an increase in the number of women over the last 2 years.

By race, there has been an increase in title VI for blacks, and in title II. In title I, black participation rates have fallen slightly from 38.5 to 34.6.

Senator RIEGLE. All titles?

Mr. GREEN. Title I.

AFDC participants have risen in title VI, title I, and less in title II. I think the definition of that group is one that accounts for an increase of AFDC; and the same for veterans' participation. There has been an increase in titles VI and II.

We can supply the actual figures for the record.

Senator RIEGLE. In the interest of time, I think we should.

I want to spell out exactly what I want: I am interested in the kinds of jobs we are talking about, whether clerical positions or positions other than that. In other words, I wonder if there is any bias in terms of which participants get which jobs? Whether or not women and minorities are represented with the same degree of frequency in the higher-level positions, CETA-funded, versus the other types of people who are participating in CETA.

What I would like to be able to see, in the overall, all titles, and then on a title-by-title basis, how we have been doing over the last 2 or 3 years with respect to the following categories: racial minorities, women, youth, older workers, and displaced homemakers. To the extent we can go a step beyond that, some kind of qualitative data, who is getting the best jobs under CETA and who is not? Is there any pattern that is emerging? I have heard enough people say there is the appearance of patterns that reinforce the old stereotypes, too many instances that women, racial minorities, others tend to get pushed into the less desirable CETA jobs.

That may not be accurate, but rather than sort of base it on supposition, I think it is important for our sake that we look at the numbers and be able to draw some conclusions on that basis. If you could put that together for the record, I think we need that on as timely a basis as you can do it.

Mr. GREEN. We can certainly supply the data. The qualitative nature of each of the programs will be a little bit more difficult.

Senator RIEGLE. I realize that, and I do not expect you to do a perfect job here. Even if it is done on the basis of salary, you can see if we are getting any odd patterns. I think this is the way we ought to pin it down.

[The information referred to follows:]

Socio-Economic Profile of Participants Enrolled in CETA Titles I, II, and VI For FY 1975, FY 1976 and FY 1977

		Title I			Title II			Title VI		
		FY 1977 %	FY 1976 1/ %	FY 1975 %	FY 1977 2/ %	FY 1976 1/ %	FY 1975 %	FY 1977 2/ %	FY 1976 1/ %	FY 1975 %
Sex:	Male	51.6	54.1	54.4	59.9	63.8	65.8	64.1	65.1	70.2
	Female	48.4	45.9	45.6	40.1	36.2	34.2	35.9	34.9	29.8
Age:	18 and under	39.7	35.8	41.6	4.6	4.3	5.6	4.3	4.6	3.8
	19 - 21	21.1	20.9	20.1	15.8	17.6	18.1	16.0	17.4	17.6
	22 - 44	40.7	36.5	32.1	64.3	64.1	62.9	64.8	64.1	64.8
	45 - 54	4.3	4.0	3.5	9.5	9.0	8.4	9.2	8.7	9.1
	55 - 64	2.3	2.0	1.8	4.8	4.3	4.1	4.7	4.3	4.0
	65 and over	1.0	0.8	0.8	1.0	0.8	0.9	0.9	0.9	0.7
Education:	8 and under	10.0	11.9	13.3	7.2	8.0	9.4	8.2	8.1	8.4
	9 - 11	39.8	42.9	47.6	15.1	17.9	18.3	18.9	17.7	18.2
	12	36.8	32.8	29.1	43.1	42.2	42.5	42.0	42.7	43.7
	Over 12	13.4	12.4	9.8	34.6	31.9	29.8	30.8	31.5	29.6
Race:	White	56.4	55.1	54.6	71.5	61.4	65.1	66.1	68.2	71.1
	Black	34.6	37.1	38.5	22.8	26.5	21.8	25.8	23.0	22.9
	American Indian	1.5	1.4	1.3	1.4	1.3	1.0	2.9	1.8	1.1
	Other 3/	7.2	6.2	5.6	4.2	10.8	12.1	4.9	7.0	4.9
Spanish American		13.8	14.0	12.5	13.5 4/	12.4	16.1	12.0 4/	9.9	12.9
Family Income:	AFDC	16.0	15.2	15.5	6.2	6.2	6.6	10.4	5.8	5.6
	Public Assistance	10.5	10.9	11.3	7.5	8.9	9.2	8.0	6.9	8.1
	Econ. Disad.	78.1	75.7	77.3	48.1	46.5	48.1	66.5	44.1	43.6
Limited English Speaking Ability		5.1	5.1	4.1	2.1	1.3	8.0	2.9	3.5	4.6
Migrant or Seasonal Farm Family Member		1.6	2.1	1.6	1.7	0.8	1.0	1.2	0.9	1.0

Continued on next page

	Title I			Title II			Title VI		
	FY 1977	FY 1976 1/	FY 1975	FY 1977 2/	FY 1976 1/	FY 1975	FY 1977 2/	FY 1976 1/	FY 1975
	%	%	%	%	%	%	%	%	%
Handicapped	4.4	4.0	3.8	3.4	2.7	3.2	3.7	2.9	2.9
Full-time Student	24.7	30.8	32.8	2.1	2.3	3.0	1.8	2.1	2.8
Offender	6.7	5.1	5.7	3.0	2.9	2.9	3.8	2.9	2.6
Veteran: Special									
Vietnam Era 5/	2.7	3.6	5.2	7.4	10.1	11.3	6.5	8.7	12.5
Recently Separated 6/	3.5	2.2	N.A.	5.1	4.0	N.A.	6.8	4.7	N.A.
Disabled	0.4	0.4	N.A.	0.4	0.5	N.A.	1.0	0.5	N.A.
Other 7/	1.9	4.5	4.4	10.5	11.4	12.6	11.6	12.0	14.6
Labor Force Status:									
Employed	8/	8/	2.1	8/	8/	3.9	8/	8/	2.0
Underemployed	4.9	4.7	4.5	5.6	6.7	8.4	3.4	6.1	6.4
Unemployed	74.2	69.8	61.6	71.6	77.0	83.6	80.7	81.6	88.4
Not in Labor Force	8/	8/	31.6	8/	8/	4.1	8/	9/	3.1
Other 9/	20.9	25.4	N.A.	20.8	16.3	N.A.	15.9	12.3	N.A.
Receiving Unemployment Ins.	6.5	6.4	3.9	14.1	13.1	12.0	16.4	14.2	14.6

1/ From 7/1/75 through 6/30/76; does not include transition quarter.

2/ Data are preliminary since a number of large prime sponsors are not included because reports were not received in national office.

3/ A large portion of this category is made up of Puerto Rican participants, who are not classified by ethnic group.

4/ This is an estimate due to delinquency in reporting for Puerto Rico.

5/ From Indo-China or Korean Theater of Operations from August 1964 to May 1975.

6/ Enrolled within four years of discharge.

7/ For comparability between fiscal years, this category includes all veterans who are not included in "special" or recently "separated." Total veterans consist of "special," "recently separated" and "other."

8/ Information for these categories now appear in "other" category.

9/ Includes participants not classified as "unemployed" or "underemployed." This specifically includes inter-title transfers.

Source: U. S. Department of Labor, Employment and Training Administration

Preliminary Data from Continuous Longitudinal Manpower Survey (CLMS) Conducted for the Employment and Training Administration

Table 1. Distribution of FY 77 CETA PSE enrollees by education at entry, sex and beginning wage (Estimates based on CLMS data)

Beginning Hourly Wage	Education at Entry														
	<12 Years (Less than High School)			High School Degree or Equivalent			>12 Years (More than High School)			N.A.			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total	79,346	28,154	107,500	85,548	58,727	144,276	78,915	58,098	137,013	3,202	965	4,167	247,012	145,945	392,957
Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
<$2.76	26,046	16,866	42,912	13,716	19,785	33,500	7,439	10,637	18,076	478	156	634	47,678	47,445	95,123
Percent	35	64	42	17	35	24	10	20	14	15	16	15	20	34	26
$2.76 - 3.00	9,094	2,355	11,449	8,386	8,280	16,666	5,310	4,698	10,008	-	-	-	22,791	15,333	38,124
Percent	12	9	11	10	15	12	7	9	8	-	-	-	10	11	10
$3.01 - 3.25	6,997	2,580	9,577	7,064	8,356	15,419	4,034	4,221	8,255	329	237	566	18,424	15,393	33,817
Percent	9	10	9	9	15	11	6	8	6	10	25	14	8	11	9
$3.26 - 3.50	9,269	1,497	10,766	11,533	6,578	18,111	7,341	7,984	15,325	1,801	169	1,970	29,945	16,227	46,172
Percent	12	6	11	14	12	13	10	15	12	56	18	47	13	12	12
$3.51 - 3.75	5,022	664	5,686	6,932	5,185	12,117	6,965	3,683	10,648	46	-	46	18,965	9,532	28,497
Percent	7	3	6	9	9	9	9	7	8	1	-	1	8	7	8
$3.76 - 4.00	5,461	1,042	6,503	7,252	2,905	10,157	6,628	4,019	10,647	203	-	203	19,544	7,967	27,510
Percent	7	4	6	9	5	7	9	7	8	6	-	5	8	6	7
$4.01 - 4.50	7,138	1,090	8,228	13,483	3,094	16,577	17,399	7,301	24,700	42	403	446	38,062	11,889	49,951
Percent	10	4	8	17	6	12	24	13	19	1	42	11	16	9	13
$4.51 - 5.00	5,273	77	5,350	9,245	1,757	11,002	12,995	6,527	19,522	302	-	302	27,814	8,361	36,175
Percent	7	-	5	11	3	8	16	12	15	9	-	7	12	6	10
>$5.01	1,185	-	1,185	3,383	331	3,714	5,852	5,379	11,231	-	-	-	10,420	5,710	16,130
Percent	2	-	2	4	1	3	8	10	9	-	-	-	5	4	4
N.A.	3,862	1,984	5,845	4,555	2,457	7,011	4,953	3,649	8,601	-	-	-	13,369	8,089	21,458
Percent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average	3.24	2.76	3.12	3.64	3.11	3.42	4.12	3.75	3.96	3.44	3.57	3.47	3.66	3.30	3.53
Median[1]	3.08	2.66	2.93	3.50	3.00	3.31	3.97	3.47	3.81	3.36	3.38	3.36	3.48	3.11	3.35

[1] The lower-limit of the < $2.76 interval was set at $2.30.

Table 2. Distribution of FY 77 CETA PSE enrollees by education at entry, race, and beginning wage (Estimates based on CLMS data)

Beginning Hourly Wage	Education at Entry											
	<12 Years (Less than High School)				High School Degree or Equivalent				>12 Years (More than High School)			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Total	60,271	36,882	10,348	107,500	97,735	33,840	12,701	144,276	91,619	34,109	11,285	137,013
Percent	100	100	100	100	100	100	100	100	100	100	100	100
<$2.76	21,469	18,636	2,807	42,912	19,746	10,510	3,244	33,500	10,707	6,100	1,269	18,076
Percent	38	53	30	42	21	33	27	24	13	19	12	14
$2.76 - 3.00	6,548	3,840	1,062	11,449	11,649	3,760	1,258	16,666	6,833	2,567	608	10,008
Percent	11	11	11	11	13	12	10	12	8	8	6	8
$3.01 - 3.25	5,121	3,164	1,292	9,577	9,737	4,385	1,298	15,419	5,041	2,319	895	8,255
Percent	9	9	14	9	11	14	11	11	6	7	8	6
$3.26 - 3.50	6,894	2,632	1,240	10,766	12,001	4,217	1,893	18,111	7,627	5,066	2,633	15,325
Percent	12	8	13	11	13	13	16	13	9	16	25	12
$3.51 - 3.75	3,498	1,611	577	5,686	8,871	1,968	1,278	12,117	7,308	2,557	784	10,648
Percent	6	5	6	6	10	6	11	9	9	8	7	8
$3.76 - 4.00	4,858	1,400	245	6,503	6,898	2,170	1,089	10,157	6,906	3,024	717	10,647
Percent	9	4	3	6	7	7	9	7	8	9	7	8
$4.01 - 4.50	5,251	1,453	1,524	8,228	12,478	3,020	1,080	16,577	18,144	4,952	1,604	24,700
Percent	9	4	16	8	13	9	9	12	21	15	15	19
$4.51 - 5.00	3,145	1,621	584	5,350	8,698	1,751	553	11,002	13,698	4,120	1,704	19,522
Percent	6	5	6	5	9	5	5	8	16	13	16	15
>$5.01	409	776	-	1,185	2,718	531	464	3,714	9,072	1,642	517	11,231
Percent	1	2	-	1	3	2	4	3	11	5	5	9
N.A.	3,079	1,750	1,017	5,845	4,938	1,529	544	7,011	6,283	1,762	556	8,601
Percent	-	-	-	-	-	-	-	-	-	-	-	-
Average	3.19	2.95	3.27	3.12	3.50	3.24	3.36	3.42	4.10	3.67	3.74	3.96
Median[1]	3.03	2.73	3.16	2.93	3.35	3.09	3.28	3.31	3.91	3.50	3.49	3.81

[1] The lower-limit of the < $2.76 interval was set at $2.30.

Table 2. Distribution of FY 77 CETA PSE enrollees by education at entry, race, and beginning wage (Estimates based on CLMS data) (Continued)

Beginning Hourly Wage	Education at Entry							
	N.A.				Total			
	White	Black	Other	Total	White	Black	Other	Total
Total	1,855	1,042	1,270	4,167	251,480	105,873	35,603	392,957
Percent	100	100	100	100	100	100	100	100
<$2.76	370	264	-	634	52,292	35,511	7,319	95,123
Percent	20	25	-	15	22	35	22	26
$2.76 - 3.00	-	-	-	-	25,030	10,166	2,928	38,124
Percent	-	-	-	-	11	10	9	10
$3.01 - 3.25	401	165	-	566	20,300	10,033	3,484	33,817
Percent	22	16	-	14	9	10	10	9
$3.26 - 3.50	505	366	1,098	1,970	27,027	12,281	6,865	46,172
Percent	4	35	87	47	11	12	21	12
$3.51 - 3.75	46	-	-	46	19,723	6,135	2,639	28,497
Percent	3	-	-	1	8	6	8	8
$3.76 - 4.00	203	-	-	203	18,866	6,593	2,051	27,510
Percent	11	-	-	5	8	7	6	7
$4.01 - 4.50	201	159	85	446	36,074	9,584	4,293	49,951
Percent	11	15	7	11	15	10	13	13
$4.51 - 5.00	128	88	86	302	25,669	7,579	2,927	36,175
Percent	7	8	7	7	11	8	9	10
>$5.01	-	-	-	-	12,199	2,949	981	16,130
Percent	-	-	-	-	5	3	3	4
N.A.	-	-	-	-	14,301	5,041	2,116	21,458
Percent	-	-	-	-	-	-	-	-
Average	3.45	3.34	3.62	3.47	3.64	3.28	3.47	3.53
Median[1]	3.32	3.31	3.39	3.36	3.43	3.12	3.36	3.35

[1] The lower-limit of the < $2.76 interval was set at $2.30.

Table 3A. Distribution of FY 77 CETA PSE enrollees by education at entry, economically disadvantaged status at entry and beginning wage (Estimates based on CLMS data)

Beginning Hourly Wage	Education at Entry											
	<12 Years (Less than High School)				High School Degree or Equivalent				>12 Years (More than High School)			
	Disad.	Not Dis.	N.A.	Total	Disad.	Not Dis.	N.A.	Total	Disad.	Not Dis.	N.A.	Total
Total	72,820	27,460	7,221	107,500	81,786	51,132	11,364	114,276	62,726	63,882	10,406	137,013
Percent	100	100	100	100	100	100	100	100	100	100	100	100
<$2.76	28,915	11,140	2,858	42,912	20,467	11,218	1,816	33,500	9,219	7,636	1,220	18,076
Percent	42	42	44	42	26	23	16	24	16	13	12	14
$2.76 - 3.00	8,361	2,632	455	11,449	9,332	6,135	1,199	16,666	5,539	3,521	948	10,008
Percent	12	10	7	11	12	13	11	12	10	6	10	8
$3.01 - 3.25	6,958	1,714	905	9,577	9,347	5,547	526	15,419	3,217	4,558	480	8,255
Percent	10	6	14	9	12	12	5	11	6	8	5	6
$3.26 - 3.50	6,941	3,281	544	10,766	9,420	7,417	1,274	18,111	5,880	7,318	2,128	15,325
Percent	10	12	9	11	12	15	12	13	10	12	21	12
$3.51 - 3.75	3,238	2,153	294	5,686	7,255	3,654	1,208	12,117	5,607	4,718	323	10,648
Percent	5	8	5	6	9	8	11	9	10	8	3	8
$3.76 - 4.00	4,364	1,898	240	6,503	6,020	3,495	643	10,157	3,884	5,280	1,483	10,647
Percent	6	8	4	7	8	7	6	7	7	9	15	8
$4.01 - 4.50	5,336	2,198	694	8,228	9,338	5,436	1,803	16,577	10,370	12,569	1,761	24,700
Percent	8	8	11	8	12	11	16	12	18	21	18	19
$4.51 - 5.00	3,604	1,305	441	5,350	4,825	3,567	2,609	11,002	10,457	7,730	1,336	19,522
Percent	5	5	7	5	6	7	24	8	18	13	13	15
>$5.00	782	403	-	1,185	1,853	1,861	-	3,714	3,820	7,104	306	11,231
Percent	1	2	-	1	2	4	-	3	7	12	3	9
N.A.	4,320	736	789	5,845	24	2,801	287	7,011	4,734	3,446	420	8,601
Percent	-	-	-	-	-	-	-	-	-	-	-	-
Average	3.10	3.16	3.12	3.12	3.37	3.44	3.72	3.42	4.02	3.95	3.72	3.96
Median[1]	2.92	2.95	2.96	2.93	3.25	3.28	3.64	3.31	3.70	3.83	3.67	3.81

[1] The lower-limit of the < $2.76 interval was set at $2.30.

Table 3A (Continued). Distribution of FY 77 CETA PSE enrollees by education at entry, economically disadvantaged status at entry and by beginning wage (Estimates based on CLMS data)

Beginning Hourly Wage	Education at Entry							
	N.A.				Total			
	Disad.	Not Dis.	N.A.	Total	Disad.	Not Dis.	N.A.	Total
Total	3,114	889	164	4,167	220,440	143,362	29,155	392,957
Percent	100	100	100	100	100	100	100	100
<$2.76	307	328	-	634	58,907	30,322	5,894	95,123
Percent	10	37	-	15	28	22	21	26
$2.76 - 3.00	-	-	-	-	23,232	12,289	2,603	38,124
Percent	-	-	-	-	11	9	9	10
$3.01 - 3.25	401	165	-	566	19,922	11,984	1,911	33,817
Percent	13	19	-	14	10	9	7	9
$3.26 - 3.50	1,637	256	77	1,970	23,878	18,272	4,023	46,172
Percent	53	29	47	47	12	13	15	12
$3.51 - 3.75	-	46	-	46	16,100	10,572	1,825	28,497
Percent	-	5	-	1	8	8	7	8
$3.76 - 4.00	156	47	-	203	14,424	10,721	2,366	27,510
Percent	5	5	-	5	7	8	9	7
$4.01 - 4.50	446	-	-	446	25,490	20,203	4,258	49,951
Percent	14	-	-	11	12	15	15	13
$4.51 - 5.00	168	46	88	302	19,053	12,648	4,474	36,175
Percent	5	5	53	7	9	9	16	10
>$5.00	-	-	-	-	6,456	9,368	306	16,130
Percent	-	-	-	-	3	7	1	4
N.A.	-	-	-	-	12,978	6,984	1,496	21,458
Percent	-	-	-	-	-	-	-	-
Average	3.52	3.17	4.22	3.47	3.47	3.61	3.58	3.53
Median[1]	3.38	3.17	-	3.36	3.27	3.44	3.47	3.35

[1] The lower-limit of the < $2.76 interval was set at $2.30.

Mr. GREEN. I think part of that clearly is the issue that we try to address with respect to college students and recent graduates.

For example, there has been a tendency in some places to approve projects that would benefit only individuals with high educational skills. As we focus on this, it would be important to keep that in front of us.

Senator RIEGLE. One other thing along the line of college students, one of the CETA employees we talked with is a college graduate who has been in the CETA program now for 3 years, and wants to get out of the CETA program but not go back to the ranks of the unemployed but to go forward to a job of a permanent sort outside of CETA. He has not been able to make the hookup and has become a Flying Dutchman within the CETA program. I do not know how common that is.

You are proposing that you want to have us include a provision that would drop people out of the program after 1½ years. That raises the problem, what happens to somebody, for example, who has been in the program for 1½ years? Do they get another 1½ years run at it before they get dropped out, or are they dropped out right away?

Mr. GREEN. We would allow those individuals presently in the program to continue on for another 12 months.

Senator RIEGLE. On the face of it, I tend to agree to some kind of limitation; otherwise, you do not build into the program. The whole idea is to take somebody through the process, at the end, involving a transfer into the private sector.

One other thing, earlier this year, the Department declined to testify at the displaced homemakers' hearings which I chaired at that time.

I would like you to tell me how you plan to service displaced homemakers as a person needing this help.

Mr. GREEN. They are identified under title III. There are a few relatively new programs now being funded, a few by prime sponsors for displaced homemakers. This provision would allow those programs to be funded through the Secretary's discretionary fund.

Senator RIEGLE. The problem is, is the Secretary going to use the discretionary fund to make expenditures in this area? Is it your intention to fund some of these active centers, which are doing a good job? They are crippled, because of lack of resources.

Is what you are saying a commitment you will develop some money from the contingency fund for that purpose?

Mr. GREEN. I would support the training aspects of the program. I am not sure it would impact on all aspects of the problems of this group.

Senator RIEGLE. I think this is an important one, because in many cases, it is easy to have great sympathy for all categories of unemployed people. In the case of displaced homemakers, you have a head of household situation very often battling age discrimination, lack of skills. You have a situation where you have responsibility for other individuals. You are running into the bias against women. That is a pretty tough situation, and there may or may not be a racial component, too.

If you take categories of difficulty, people in difficulty, that seems to me to be one that will have to get some extra effort and attention. I want to see a way that will get done.

I do not think a good intention is sufficient. I would feel we have to build it into the program, unless you tell me there is going to be more concrete emphasis and money put in it from some other source that you have access to.

Mr. PACKER. One of the other important bills that relates to CETA's system is the welfare reform bill, which would essentially assure the head of a family a job in the CETA system. That head may be male or female. To a great extent, the welfare reform moves in that direction.

In the project mode, we are handling many more economically disadvantaged than we handled before the targeting provisions that the Congress established in 1976 were added.

Senator RIEGLE. The problem that you face is that your displaced homemaker program is not synonymous with the welfare problem. There are a lot of women who do not qualify for that and want to work.

Mr. PACKER. The welfare reform is for any household head. There was a concern over that problem.

Senator RIEGLE. What I am trying to do is draw your attention to the fact there is an enlarging category of persons in extreme circumstances that, it seems to me, fall directly under the reach of CETA-type activity. We are talking about targeting. As we target for certain groups that have greater difficulty entering the job market, lack of skills and other barriers, this is a category I think we have not paid enough attention to. I do not know how to get the point across anymore plainly than to say, this is something we have to do.

What I want to do is figure out how we do it.

I don't want everybody saying, "Yeah, that is a big problem. Let us do something about it," and then not actually do anything about it. Anything short of channeling more money in that direction, to me, is not a response.

Thank you, Mr. Chairman.

Senator NELSON. On the question raised by Senator Riegle, there is a bill, S. 418, before this subcommittee entitled "Displaced Homemaker Assistance Act." A provision in that bill provides that:

> The Secretary is authorized and directed to make grants to community-based organizations and other private nonprofit organizations, for the establishment of not less than fifty multipurpose service centers for displaced homemakers within two years after the date of enactment of this section.

You will be asked to justify this question and how it may fit within the CETA programs and what services, counseling, training, job placement, can be provided through the CETA structure at the time we are prepared to conduct hearings on it.

Senator RIEGLE. I have two other things. One is, I earlier mentioned I had not been able to find out the percentage of CETA employees for Detroit. For 1977, the figure was 10.5 percent. Then, after the end of this last year, their current rate is about 12.4 percent. That falls within the rank of the other two suburban cities I spoke about, but it gives you an idea of what is happening in States like ours, where our problems are such that this is becoming a very significant sort of permanent chunk of providing municipal services.

The other thing I should have added before: There is a general feeling in the Northeast and Midwest, I think, that formula programs such as CETA do not target dollars to those States and communities which really have what I think of as the greatest need. Granted I come from there and so you can challenge me with that bias; but at the same time there are ways to measure to figure out and come to some agreement as to what constitutes a legitimate measure of need. I am concerned that the administration, in this legislation, is not examining and making certain recommendations with respect to the formula. I wonder, will we have the data we need to let us determine where the CETA dollars are going and should be going?

I understand you are doing work on this, but we will not have the results of that until March or April?

Mr. GREEN. We should have the results of that on or around the end of March, once the new BLS figures come in.

Senator RIEGLE. So it is your feeling that that data will be available in time and very much be a part of how we sort out the question of how we make formula allocations? Is that your testimony?

Mr. GREEN. That is correct.

Senator RIEGLE. Thank you.

Senator NELSON. The letter to the Secretary of Labor dated February 13, 1978, signed by me, will be printed in the appropriate place in the record.

This letter contains a series of 19 questions which address themselves to issues that have been raised concerning the current law, and I am certain that all or most of them will be raised in the mark-up session and on the floor of the Senate to determine whether or not this legislation addresses those questions.

It is important we get the answers, I think. When? You agreed a week?

Mr. GREEN. Yes, sir.

Senator NELSON. Senator Kennedy has sent to me a letter with some questions, also, which I ask to be printed in the record at the appropriate place, and a copy will be submitted to you and if, at the same time, you could respond to those questions for the record, we would appreciate it.

Mr. GREEN. Yes, sir.

Senator NELSON. Thank you very much for your testimony.

[The letter and questions with responses referred to follow:]

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United States Senate

COMMITTEE ON HUMAN RESOURCES

WASHINGTON, D.C. 20510

February 13, 1978

Honorable F. Ray Marshall
Secretary
Department of Labor
Washington, D.C. 20210

Dear Mr. Secretary:

The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor will be holding hearings in Washington on reauthorization of the Comprehensive Employment and Training Act on February 22 and 23 and March 1 and 2. At this time, I would like to invite you to testify before the Subcommittee on February 22. The hearings will begin at 9:00 a.m. in Room 4232, Dirksen Senate Office Building.

Mr. Secretary, the following issues are of particular concern to the Subcommittee, and it would be helpful if your testimony would address them.

I

Recently the Bureau of Labor Statistics has modified the methodology used to compute the unemployment rate. Please explain the change in procedure and the reason for it. What is the comparative cost of the modification as opposed to that of the method previously employed? What is the cost of implementing it? What impact will this change have upon the various CETA allocation formulas?

II

How pervasive is fiscal substitution of CETA funds for local funds, and what measures have been and may be taken to address this problem?

III

Please describe for the Subcommittee the participation rates of women and older Americans in Titles II and VI of CETA. What action do you propose to increase their enrollment in these programs? What are the broad categories of occupations identified as public service employment projects? Women and older Americans comprise what percentages of each of these categories? What type of work is performed by females and older Americans within each of these categories?

IV

The legislation proposes a new Title VII, "Private Sector Jobs for the Economically Disadvantaged." Please describe the nature of this program, and the Department's plans for its implementation. To what extent is on-the-job training to be utilized? Prime sponsors are currently authorized to include representatives of labor and business on their planning councils. Will the creation of another council within the jurisdiction of the same prime sponsor create competition for the placement of CETA participants, particularly in areas where economic hardship precludes significant placements in the private sector? What percentage of the amount requested in the budget for this title do you anticipate setting aside for the Emergency Economic Adjustment Assistance Act?

V

You seek budgetary authority to develop a welfare demonstration project. What are the goals of this project, and how do you plan to implement it?

VI

Title III, Part C, proposes a National Employment Opportunities program. Please describe the nature of this program and the Department's plans for its implementation. Why are Amtrak and Conrail specifically set forth in the legislation? How will the provision that program participants be paid wages and benefits comparable to similarly situated federal employees impact on private sector employees, other public sector employees and CETA participants?

VII

Please present a brief status report upon and a summary of the implementation of the Youth Employment and Demonstration Projects Act. What difficulties have you encountered in implementing these programs? The Administration has withdrawn its supplemental request for youth employment programs. Does this action represent a reduction in the number of slots available in youth employment and training programs?

VIII

Please discuss why the Administration did not seek budgetary authority for the STIP and HIRE programs? What programs, if any, will be substituted in their place?

IX

What measures is the Administration proposing to assure adequate monitoring and auditing of CETA prime sponsors? Prime sponsors frequently comment that regulations pertinent to program monitoring and auditing result in prolific paperwork and high administrative costs. Please comment on their position.

X

Title VI of the proposed legislation is designated as the public service employment title. Explain the Administration's decision to combine existing Titles II and VI. Is it the intention of the Administration that Title VI be used to counteract structural or countercyclical unemployment. A triggering mechanism for purposes of determining the amount of the authorization is proposed. Even if the economy improves and the unemployment rate continues to decline, there may remain parts of the country with severe structural unemployment. Will CETA moneys not subject to the triggering authorization be adequate to assist these areas?

XI

The Department has established as a national enrollment goal the awarding of 35% of all new public service jobs to veterans. The Administration's bill gives special consideration to Vietnam veterans. Should the Department's national enrollment goal be limited to Vietnam veterans and disabled veterans? Should the goal be adjusted to reflect the percentage of the national unemployment rate represented by Vietnam and disabled veterans? Some prime sponsors have reported that there is an insufficient number of eligible veterans within their jurisdiction to meet the 35% enrollment goal. Should the goal be adjusted so that it reflects the percentage of eligible Vietnam and disabled veterans within the jurisdiction of a given prime sponsor?

XII

The legislation provides that eligibility for most CETA programs is contingent upon a finding that the participant is "economically disadvantaged." What impact will this eligibility requirement have upon the eligible population currently served?

XIII

Almost 75 percent of Title II and VI enrollees for fiscal year 1977 had twelve or more years of education. Should prime sponsors be encouraged to enroll participants who are not as well educated? Should steps be taken to encourage Employment Security Agencies to devote greater resources to placing these individuals? If so, what action can be taken to

encourage prime sponsors and Employment Security Agencies to act accordingly?

XIV

Critics of CETA have charged that, as now administered, the local prime sponsor's public service employment programs do not provide adequately for training of the hard core unemployed, and consequently the programs are contributing little to lessening future dependency upon CETA. What assurances does the Department receive from prime sponsors that CETA participants employed on public service projects receive adequate supervision and training so that they are qualified to accept private sector employment in a similar occupation upon termination of their CETA position? What assurance does the Department have that there are private sector jobs available which are in a field for which CETA participants have been trained?

XV

A wage limitation of $10,000 has been placed upon public service employment. Certain states, notably Alaska and Hawaii, have commented that this amount will be insufficient to pay wages in even entry level positions due to the high cost of living in those states. Has the Department considered varying the wage ceiling based upon the cost of living in different areas of the country?

XVI

In proposed Title V, the Administration would increase the number of representatives of executive departments and agencies on the National Manpower Commission. In order to maintain a "balance of views," do you believe it would be appropriate to proportionately increase public representation on the Commission?

XVII

Please explain changes in the coordination of activities between prime sponsors and the Employment Security Agencies as contemplated by the legislation and the reasons therefor. The Department has undertaken a project to examine various methods of coordinating the functions of these providers of services. Please present the Subcommittee with a brief status report on these projects to date, and discuss the Department's future plans, if any, for increased coordination between CETA prime sponsors and Employment Security Agencies.

XVIII

Senate bill 418, as amended, provides for the establishment under Title III of CETA of fifty multi purpose centers for "displaced homemakers."

Please comment upon the employment needs of these persons and whether you believe the approach of S. 418 in establishing multi-purpose service centers is the best method of addressing their particular employment needs.

XIX

Finally, the Subcommittee would be interested in ascertaining the frequency with which CETA compliance, enforcement, and sanction provisions have been invoked by your administration and the grounds for so doing.

Section 108(d) provides that the Secretary shall revoke a prime sponsor's plan for violation of the prohibitions contained therein. How many times has a prime sponsor's plan been revoked, in part or in whole? For what reasons?

Section 711 provides criminal sanctions for violations of the prohibitions contained therein. Please inform the Subcommittee of actions which have been pursued under this section, exclusive of any pending investigations.

Section 712 mandates the Secretary to notify a prime sponsor or applicant of noncompliance, upon a determination that the provisions of this section have been violated. If the applicant or prime sponsor fails to comply within 60 days, the Secretary is authorized to terminate financial assistance, refer the matter to the Attorney General, or exercise the powers and functions set forth in Title VI of the Civil Rights Act of 1964. In how many cases has an applicant or prime sponsor been determined by the Department to be in noncompliance with Section 712? What remedial action has been taken in these cases?

We would appreciate having 50 copies of your written statement and summary available at the hearings as well as a copy of your statement 48 hours in advance of your appearance. If you should have any questions about the hearings or the presentation of your testimony, please contact Joan Hunziker of the Subcommittee staff at (202) 224-3968.

Sincerely,

GAYLORD NELSON
Chairman
Subcommittee on Employment,
Poverty, and Migratory Labor

GN:mh

I

Question I.

Recently the Bureau of Labor Statistics has modified the methodology used to compute the unemployment rate. Please explain the change in procedure and the reason for it. What is the comparative cost of the modification as opposed to that of the method previously employed? What is the cost of implementing it? What impact will this change have upon the various CETA allocation formulas?

Reply:

Revised procedures for estimating monthly State and local area labor force and unemployment were introduced in January 1978. The purpose of these changes is to make unemployment estimates more accurate and more comparable from place to place. The changes are also designed to bring State and area estimates more closely into line with the national unemployment statistics and reduce the extent of the year-end revisions in the State and area unemployment estimates.

The national unemployment statistics published monthly by the BLS are obtained from the CPS, a survey of households throughout the Nation each month. The size of the CPS sample, however, has not been sufficient to generate reliable monthly estimates for all States.

Until now--because of this lack of reliable monthly CPS data for all States--monthly measures of unemployment for all States have been based on Unemployment Insurance data inflated to account for unemployed persons not collecting benefits. These estimates were then linked to annual measures of unemployment derived from the previous year's CPS estimates for each State. The system required an annual revision of the estimates when the actual CPS data became available early in the following year to bring the estimates up to date with the CPS. Experience over the past three years for the 27 largest States for which CPS data were available has shown that the average revision has amounted to approximately 10 percent.

The Bureau of Labor Statistics has been directing its attention to alternatives and improvements that would (1) eliminate the need to revise the data or (2) reduce the size of the revisions.

Extensive research into alternative ways to link the Unemployment Insurance (UI) based estimates to the CPS annual average indicated that a 6-month moving average relationship of the CPS to the UI based estimate would result in smaller annual revisions than the present method of applying a fixed linking factor throughout the year. Experience also suggested that the monthly CPS estimates for the 10 largest States, New York City and the Los Angeles-Long Beach metropolitan area were sufficiently reliable to be used instead of the UI based estimates.

As a result of these findings, beginning January 1978, labor force and unemployment estimates for:

1. New York, California, Illinois, Ohio, New Jersey, Pennsylvania, Michigan, Texas, Massachusetts, and Florida, as well as the New York City and the Los Angeles-Long Beach metropolitan area, will be based directly on the CPS. These States and areas are the only ones for which the CPS data are sufficiently accurate each month.

2. Estimates for the remaining 40 States and the District of Columbia will be developed each month based on the relationship between the CPS and UI based estimates for the six-month period ending in the most current month.

An expansion of the CPS Sample is now underway which will enable the development of quarterly data for all States should changes be made in existing legislation, including CETA, to require the use of quarterly data.

Improved UI data will be used to develop estimates for sub-State areas. Improvements in the UI data base were recently introduced to provide more uniformity with respect to residency, reference period of unemployment and claimants reporting earnings. The improved UI claims figure together with other data to reflect new entrants and re-entrants,

will be used to allocate unemployment within a multi-county labor market area to each of the individual counties. In conjunction with the use of UI claims, current estimates of the population by county will also be used to distribute employment within the metropolitan areas. This will replace the use of fixed ratios based on the 1970 Census of Population.

The cost of developing and implementing the new procedure can be divided into two parts. 1) About 2.9 million dollars has been spent over the last two years for contracts with 44 States to improve the administrative records of the unemployment insurance system. The Employment and Training Administration will spend about one-half million dollars in CETA discretionary funds in FY 1978 for costs of this program in all States. 2) The direct use of CPS for 10 States presumes eventual use for all States. The BLS FY 1979 budget request includes 3 million dollars for an expansion of the CPS to provide quarterly data for those States where the samples do not meet the quarterly reliability standards.

As for the impact of the changes on CETA allocation formulas, we are unable at this time to describe this precisely. The revised data for calendar year 1977 have only recently become available, so it will take some additional period of time before the relevant analysis can be performed.

Question II: How pervasive is fiscal substitution of CETA funds and what measures have been and may be taken to address this problem?

Answer: The impression has been created that substitution is widespread in the CETA efforts, based largely upon the findings of a number of econometric studies. In fact, most of the studies are based on non-CETA program data and tend to produce estimates which are highly sensitive to minor changes in model specification, assumptions, and data source, among others. Estimates have been produced ranging from negative rates of substitution to rates well in excess of 100 percent.

A recent study by the Brookings Institution for the Department comes to different conclusions on the issue of substitution. The Brookings' findings, while tentative, indicate far lower rates of substitution than the econometric estimates: the overall rate for all units of observation ranging from local government to community based organizations and including both projects and substainment PSE was only 20 percent. As expected, substitution in project PSE was less than in sustainment PSE, 8% and 21% respectively. And in addition, governmental units under extreme fiscal pressure experienced far less substitution than those under no such pressure for sustainment PSE. Much of the difference between the Brookings' estimates-particulary the much lower overall rate of substitution--and those from econometric studies can be attributed to the fact that (1) nonprofit organizations are included, and (2) the sample is biased towards the large urban governments which exhibited a high proportion of "program maintenance" job creation, that is situations where, in the absence of CETA funds, basic programs on services would have been curtailed and employment cut back. Fully one-third of the retained positions in the sample government units were classified as "program maintenance", and a large share of this was accounted for by the distressed large cities. Of course economic improvement in these areas can transform program maintenance to substitution in the future. Unlike the earlier studies the Brookings study also provided a brief look at how the sample units utilized the released funds. At the time of observation more than two-thirds of the funds classified as substitution were being used for tax reduction or stabilization, while less than three percent were being used to build up fund balances. Thus, it appears that, not only

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was the rate of of substitution relatively low generally, but also those funds released through substitution were having approximately as much stimulative effect on the economy as a Federal income tax cut.

Limiting Substitution

Regulations and Compliance Efforts. The "maintenence of effort" regulations for CETA Titles II and VI prohibit the use of PSE funds to (1) reduce existing local governmental contracts for service (2) employ a PSE participant in a position equivalent to one which is vacant due to a hiring freeze, unless the freeze resulted from a lack of funds to sustain staff levels, (3) replace currently employed workers, (4) reduce the wages, hours, or benefits of existing workers, or (5) substitute PSE jobs for existing Federally-assisted employment. The Department actively reviews prime sponsor plans each year to preclude substitution, and in addition makes use of field staff monitoring and periodic audits as well.

When substitution appears, two types of sanctions are applied. First, prior disapproval is exercised to deny funding of such slots, as in the case of some 500 positions in FY 1977. Second, funds are disallowed after the fact and monies recovered. In FY 1977 an estimated $1.5 million has been questioned for disallowance.

As a practical matter, it is only feasible to curtail substitution through these administrative measures to a limited extent, in that only the more flagrant violations are detected. The more subtle infractions are very difficult to detect without meticulous and extended investigation of local budgets, an activity precluded with existing staff levels.

Program Design Measures. A clear alternative to the administrative control of substitution is the utilization of design features which can effectively limit it with a minimum of administrative effort and red tape. Several recently enacted program features as well as some measures proposed in the Administration's CETA Reauthorization Bill (H.R. 11086/S. 2570) illustrate this approach and suggest its potential effectiveness.

The 1976 CETA Title VI extension incorporated two provisions in part designed to minimize substitution. The first split PSE into a project and a sustainment portion mandating that program expansion take place in projects which had a specific ofjective and a limited duration of no more than one year.

Increased participation of community based orgaizations (CBO's) in running the projects was encouraged. The Brookings study, while dealing with only the very early stages of the buildup, found a significant lowering of the substitution rate in going from sustainment to project PSE. The second provision targetted eligiblity more narrowly on the disadvantaged. While there were no significant differences in the characteristics of the participants in those slots defined as job creation and those defined as displacement in the study, the new targetting provisions may still have some effect on the rate of substitution: More than 80 percent of those hired under the projects PSE were disadvantaged compared with much less than 50 percent under the existing PSE. Unfortunately, at this point it is difficult to separate the exact contribution of the timing of the study, the projects approach, and the tighter eligibility, among other factors to lowering the rate of substitution.

In Title VI of the CETA Reauthorization Bill, the provisions designed to counter substitution pressures include the following: All PSE must be in "projects and activities," including those operated by CBO's; all participants must be economically disadvantaged; a $10,000 lid on wages is included and the supplementation of wages with State and local funds is limited to (i) those already being supplemented at the beginning of FY 1979, and (ii) a maximum of 10% of the prime sponsor's allocation beyond that amount; individual participation is limited to 18 months duration; and jobs are restricted to entry-level positions. These measures should help to constrain the possibilities considerably.

QUESTION III

Please describe for the Subcommittee the participation rates of women and older Americans in Titles II and VI of CETA. What action do you propose to increase their enrollment in these programs? What are the broad categories of occupations identified as public service employment projects? Women and older Americans comprise what percentages of each of these categories? What type of work is performed by females and older Americans within each of these categories?

ANSWER III

In 1977, female participation under titles II and VI, respectively, was 40 percent and 36 percent. Older Americans participation under titles II and VI, respectively, was

45-54	- 9.6% and 9.2%
55-64	- 4.9% and 4.7%
65 and over	- 1.0% and 0.9%

In 1978, the Administration included a new regulation for serving particular segments of unemployed population under titles I, II and VI. Prime sponsors are required to provide information in their grant applications for each title on the percent that specified demographic groups (by breakouts for age, sex, and race) constitute of the unemployed population. The sponsor must also show the percent of service each of these groups will be provided under each title.

If the prime is planning to serve any group at a level 15 percent or more below that group's incidence in the unemployed population, appropriate and acceptable justification must be provided.

Public service functions of title VI projects are:

Education
Law Enforcement
Health and Hospitals
Social Services
Transportation
Fire Protection
Environmental Quality
Public Works
Arts
Housing
Parks and Recreation
Miscellaneous and Other

The types of work performed in projects include:

- Professional, Technical and Managerial
- Clerical, Office Work
- Service Occupations
- Community services
- Maintenance
  - Indoor
  - Outdoor
  - Weatherization
- Arts
- Teaching/Instruction
- Conservation
- Other

No data is collected which crosses either the functions or the types of work with demographic groups.

17

Question: The legislation propcses a new Title VII, "Private Sector Jobs for the Economically Disadvantaged." Please Describe the nature of this program, and the Department's plans for its implementation.

Answer: The details of the proposed program are still in the developmental stage and are being discussed with representatives of business, labor and public interest groups. As presently envisioned, the $400 million requested in the President's FY 1979 budget for this program, would be set aside for CETA prime sponsors on the basis of the proposed CETA Title II formula. The funds would be made available to prime sponsors upon submission and approval of acceptable programs. To be eligible, prime sponsor programs would have to consist of activities that involve private, for-profit employers in the provision of services to economically disadvantaged youth and other disadvantaged persons. Prime sponsors will be required to establish local Private Industry Councils in order to be funded under this program and must develop their proposed private sector programs jointly with the councils.

The Department plans a "start-up" phase for this program in this fiscal year, utilizing the funds remaining in the Skill Training Improvement Program (STIP) which was funded by Congress as part of the Economic Stimulus package. In order to participate in the STIP "start-up" phase this year, prime sponsors will be required to organize Private Industry Councils.

IV

Question: To what extent is on-the-job training to be utilized?

Answer: All activities authorized under CETA Title I, except public service employment and "work experience" will be eligible for support under this program. It is anticipated that on-the-job skills training will be one of the principal services provided by employers who hire disadvantaged persons under this program. However, eligible activities will also include related theoretical or classroom instruction and "vestibule" or entry-level training.

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IV

Question: Prime sponsors are currently authorized to include representatives of labor and business on their planning councils. Will the creation of another council within the jurisdiction of the same prime sponsor create competition for the placement of CETA participants, particularly in areas where economic hardship precludes significant placements in the private sector?

Answer: It is intended that the local Private Industry Councils which will be primarily representative of local business and industry, including small business as well as labor, will complement rather than compete with the work of the local CETA planning councils. The planning councils are charged with advising the prime sponsor on all aspects of the local comprehensive program: administration; planning; evaluation. The planning councils' is primarily an advisory body, the Private Industry Council is intended to perform an operational role in creating programs, and linkages to private employees that cannot be created because of red tape, institutional fears of Government programs, by smaller business by the CETA system is it presently exists. This will be the primary function of the Private Industry Council. Since this function is not presently performed by the planning council to any significant extent, no competition is anticipated. In fact the linkages created with the private sector and information developed by the PIC will benefit the planning council and help others in generating a practical overall plan for the prime sponsor to consider. In addition, prime sponsors will be required to oraganize the work of the two councils in a manner designed to minimize duplication or competition in their activities.

IV

Working with prime sponsors and private employers to develop placement opportunities and related on-the-job training and other employability development opportunities in the private sector for CETA participants. A major responsibility of the PIC's will be to establish numerical goals for the local program in terms of projects, participants and placements and to provide for periodic assessment of progress toward these goals. These private sector employment/training opportunities will be developed, particularly with the aim of transitioning public service employment enrollees to private unsubsidized jobs.

Serving as a delivery agent for the prime sponsor in promoting, negotiating, and contracting for OJT with private sector employers.

Furnishing information to local manpower planners, such as the nature and extent of occupational demand and training needs in the community. This information might include, for example, trends in shortage occupations in which on-the-job training opportunities or institutional instruction should be developed consistent with the supply characteristics and needs of the resident clientele served by the employment/training system. They will develop and make available to the prime sponsors and business communities, model cooperative arrangements tailored to local conditions.

IV

The Councils' role will not be limited solely to advisory or informational functions. Approval of a prime sponsor's application for PSIP funding will be subject to the concurrence of the Local PIC. Moreover, PIC's are to have a direct and substantive role in the development of the sponsors overall PSIP plan and in developing specific projects. The Councils will participate in the establishment of training standards and specifications for particular jobs. They will actively monitor the performance of the entire local delivery system -- including CETA and ES -- in meeting industry's needs.

The Councils will be encouraged to link their activities to the operations of the economic development arms of local governments.

QUESTION: What percentage of the amount requested in the budget for this title do you anticipate setting aside for the Emergency Economic Adjustment Assistance Act?

ANSWER: Provisions relating to emergency economic adjustment assistance which were contained in an earlier draft of the CETA reauthorization bill, have been dropped from the final version of the bill.

V

Question: You seek budgetary authority to develop a welfare demonstration project. What are the goals of this project, and how do you plan to implement it?

Answer: We are requesting $200 million ($125 million in outlays) to set up demonstration projects relating to the jobs component of the President's welfare reform proposal. Under these projects, we want to demonstrate--in a limited number of sites and under various circumstances--the various methods of providing intensive job search assistance and related services to enable low-income family heads with children to find private sector jobs. If no such jobs can be found, they will be provided subsidized jobs through the existing system of CETA prime sponsors. The demonstration projects will provide an estimated 50,000 public service jobs. They will be used to test alternative methods of job creation, measure regional variations in the number and types of clients served, and to try out various management systems which would be used under welfare reform.

Advance planning for the permanent welfare reform program is critical. Therefore, we will be selecting a limited number of sites which will be awarded planning grants to develop a proposal. These proposals will be evaluated by a design committee prior to the final selection of the sites. Actual on-site operations should begin in FY 1979. During the same period, plans will be developed for the conduct of the research phase with an independent contractor.

QUESTION VI

Title III, Part C, proposes a National Employment Opportunities program. Please describe the nature of this program and the Department's plans for its implementation. Why are Amtrak and Conrail specifically set forth in the legislation? How will the provision that program participants be paid wages and benefits comparable to similarly situated federal employees impact on private sector employees, other public sector employees and CETA participants?

ANSWER VI

This provision was contained in an earlier draft of the CETA reauthorization bill, but was dropped in the final version.

VII

Question: VII

Please present a brief status report upon and a summary of the implementation of the Youth Employment and Demonstration Projects Act. What difficulties have you encountered in implementing these programs? The Administration has withdrawn its supplemental request for youth employment programs. Does this action represent a reduction in the number of slots available in youth employment and training programs?

Answer: As of January 31, 1978, the on-board enrollment levels for two of the four youth programs authorized under the new youth act are 1,828 in the Youth Community Conservation and Improvement Projects and 19,385 in the Youth Employment and Training Programs (YETPP). Seventeen Youth Incentive Entitlement Projects (YIEPP) grantees have been selected. In the Young Adult Conservation Corps (YACC), the latest enrollment figures as of early February show an enrollee level of 8,710.

Difficulties in implementing the program have been attributable primarily to two factors: the introduction of new institutional arrangements and processes and the very tight time contraints for planning and implementing the new programs. In the YACC program, the tripartite agreement among the Departments of Agriculture, Interior, and Labor required the development of new interrelationships, while in YIEPP (Entitlement Projects) the nature of a very structured experiment (somewhat new

VII (continued)

to the CETA system) required substantial orientation, collaboration, and training time. In the YCCIP and YETP areas, the labor organization wage negotiations and clearance process, the preferential treatment given to community and neighborhood organizations, and the mandated local education agreements (in YETP only) required the establishment of procedures and communication networks not common to the CETA system.

These difficulties translated into predictable time delays in initiating the new programs. We now anticipate a sharp increase in activity having resolved, for the most part, the early planning and implementation problems.

The withdrawal of the youth supplemental request will not reduce the number of slots that could be filled in the new youth programs. We are building as quickly as possible and expect to maintain the FY 1978 end of year levels of 157,600, plus an additional 9,700 slots for the YEIPP, achieving a total slot level of 167,300 of YEDPA for FY 1979.

Question VIII

Please discuss why the Administration did not seek budgeting authority for the STIP and HIRE programs. What programs, if any, will be substituted in their place?

ANSWER VIII

the HIRE Program was launched in June 1977, as part of the Economic Stimulus Program, to provide private sector and training opportunities for veterans - primarily disabled and Vietnam-Era veterans - and other eligible individuals. Under the Economic Stimulus Program, HIRE was conceived as a one-time, 18-month program to be funded through Fiscal Year 1078. For this reason, budget authority was not sought for FY 1979.

The Skill Training Improvement Program (STIP) was also intended to be a limited duration program, designed to serve as a private sector model which could be replicated and funded under title I. Accordingly, budget authority for Fiscal Year 1979, was not sought for this program either.

The Department plans to maintain its emphasis on developing jobs in the private sector through the proposed title VII, "Private Sector Jobs for the Economically Disadvantaged," in the Administration's CETA reauthorization bill. Under this title, $400 million be utilized to develop job and training opportunities for disadvantaged persons in the private sector. The Department plans a "start-up" phase for this program in this fiscal year, utilizing the funds remaining in the STIP program. The STIP program will be modified to serve as a prototype for the full-scale private sector initiative program in Fiscal Year 1979.

QUESTION IX

What measures is the Administration proposing to assure adequate monitoring and auditing of CETA prime sponsors? Prime sponsors frequently comment that regulations pertinent to program monitoring and auditing result in prolific paperwork and high administrative costs. Please comment on their position.

ANSWER IX

The Department, since the implementation of the CETA system, has had in place systems to review and evaluate the operation and results of CETA programs. Basic regular monitoring is carried out by Field Representatives located in our regional offices. The Department's Directorate of Audits and Investigations conducts or arranges for annual audits, where possible, of prime sponsor expenditures. Each prime sponsor must be audited at least once every 2 years. Our Office of Policy, Evaluation and Research (OPER) conducts or arranges for periodic evaluations. In addition, OPER also has provided for continuous study of the CETA program since its inception. The Office of Investigations and Compliance conducts reviews whenever information becomes available that indicates such things as fraud or other misuse of funds has occurred.

We also have a national review staff which looks at prime sponsor operations. Our current plans call for increasing the role of this national staff somewhat over the next year to provide for a more in-depth look at individual prime sponsor operations. In the past, this staff has concerned itself primarily with overall trends and problems.

Finally, the Department has established an Inspector General's office, which is currently engaged in several investigations arising from allegations of improper use of CETA funds.

Regarding the prime sponsor comments on paperwork and administrative costs relating to DOL monitoring requirements, we do not feel this to be excessive. In fact, paperwork requirements for prime sponsors related to monitoring requirements are minimal, except, of course, for their responsibilities involving their subgrants and contracts. Each prime sponsor must utilize administrative funds to assure that its subgrantees and contractors are performing in accordance with the Act, the rules and regulations and the subgrant or contract. The Department believes that it would be neglecting its oversight responsibilities with respect to the proper spending of CETA funds if it did not require prime sponsors to periodically audit and regularly monitor their programs.

QUESTION X

Title VI of the proposed legislation is designated as the public service employment title. Explain the Administration's decision to combine existing Titles II and VI. Is it the intention of the Administration that Title VI be used to counteract structural or countercyclical unemployment. A triggerring mechanism for purposes of determining the amount of the authorization is proposed Even if the economy improves and the unemployment rate continues to decline, there may remain parts of the country with severe structural unemployment. Will CETA moneys not subject to the triggering authorization be adequate to assist these areas?

ANSWER X

Title VI will continue as the principle countercyclical public service employment program. The Administration is proposing to sustain the level of 725,000 slots that were attained in March through fiscal 1979. Beyond that point, we are seeking a continued program of 100,000 jobs in high unemployment areas regardless of the unemployment rate. In addition, we are recommending that Congress adopt a trigger formula, beginning in FY 1980, to insure that countercyclical public service employment, above the 100,000 jobs in the continuing program, is activated quickly when needed and is reduced as unemployment declines.

The triggering formula will provide funds to support another 100,000 jobs, when the unemployment rate exceeds 4.75 percent. For each half percentage point that unemployment exceeds that 4.75 percent level, funds to support a further 100,000 public service employment positions will be added.

We are proposing a somewhat loosened eligibility standard for title VI compared to title II to reflect the differences between countercyclical and structural unemployment. We recommend that eligibility be restricted to families who are economically disadvantaged for only three months, exclusive of unemployment compensation. Thus, the program will be open to all families where unemployment is causing economic hardship. Such a restriction is needed because

this program will serve only one of every five persons who is cyclically unemployed. We would also restrict supplementation of wages by prohibiting prime sponsors from using funds from sources other than the Act, which total more than 10 percent of their Title VI funds, for supplementing the wages of PSE participants. The supplementation, moreover, would be restricted to the amount required to bring the $10,000 wage up to that of the appropriate entry level job.

We believe titles II, III, and IV of the Administration's bill along with the 100,000 title VI job will provide sufficient structural employment programs to adequately assist the economically disadvantaged and other groups in our society that traditionally do not share fully in the benefits of economic growth, including minorities, youth, and women.

QUESTION XI

The Department has established as a national enrollment goal, the awarding of 35 percent of all new public service jobs to veterans. The administration's bill gives special consideration to Vietnam veterans. Should the Department's national enrollment goal be limited to Vietnam veterans and disabled veterans? Should the goal be adjusted to reflect the percentage of the national unemployment rate represented by Vietnam and disabled veterans? Some prime sponsors have reported that there is an insufficient number of eligible veterans within their jurisdiction to meet the 35 percent enrollment goal. Should the goal be adjusted so that it reflects the percentage of eligible Vietnam and disabled veterans within the jurisdiction of a given prime sponsor?

ANSWER XI

Upon taking office Secretary Marshall announced a national goal of 35 percent veterans' participation in CETA public service employment slots. Since there was no statutory authority for requiring individual prime sponsor's to ensure a 35 percent participation rate for veterans, the national goal was published in the March 15, 1977 Federal Register in the preamble to proposed new CETA regulations, rather than in the regulations themselves. The Department proposed legislation to allow the Department to require the setting of veterans participation goals. Section 305 of the Youth Employment Demonstration Projects Act of 1977 (effective August 5, 1977) authorized the Department to require each prime sponsor to set goals for its program. The Department, on the basis of the new authority, required prime sponsors to set such goals in new CETA regulations published on September 30, 1977. Under the legislation and regulations, however, each prime sponsor was to set its own goals rather than have a goal imposed nationwide.

In the proposed CETA reauthorization bill, the Department, for the first time, is seeking to expand the requirement of special consideration for veterans to all CETA programs (the current Act requires such special consideration only for PSE). In doing so, the Department is requiring such special consideration for Vietnam-era and disabled veterans, as defined in Title 38 of the U.S. Code since these two groups of veterans consitute those veterans most in need. In addition, requiring special consideration for these specific veterans will bring CETA requirements into consonance with the requirements governing the Employment Service system, which serves a great many prime sponsors by referring eligible potential participants to prime sponsor employment and training opportunities. Finally, concentration on these two clearly defined groups of most-in-need veterans will eliminate the veterans' services reporting confusion caused by the present use of several different veterans definitions and resultant double-counting problems. This will allow the Department and the Congress to better assess the performance of prime sponsors in serving those veterans who are most in need.

QUESTION XII

The legislation provides that eligibility for most CETA programs is contingent upon a finding that the participant is "economically disadvantaged." What impact will this eligibility requirement have upon the eligible population currently served?

ANSWER XII

The impact of the change will be that:

-- for current title I (new title II), persons who were previously eligible by being unemployed for 7 days or more (but not economically disadvantaged) will be excluded from the program. A total of 22 percent of title I participants in 1977 were not economically disadvantaged. A new category of persons (those who are employed but operating at less than their full skill potential and those who have received a bona fide notice of impending layoff) who do not have to meet the economically disadvantaged criteria will be eligible for upgrading and retraining programs under title I; however, not more than 5 percent of title I funds may be used for these programs.

-- for current title VI/new title VI, the impact would vary since there are several eligibility criteria under the old program. The new criteria state that an individual must have been unemployed for at least 5 weeks and be economically disadvantaged (with income determined based on a three-month period). This is more restrictive than the current title VI program components which (1) allow unemployed persons in ASUs (with no income criterion) to obtain a PSE job after 15 days of unemployment and which (2) allow persons to obtain a PSE job after 30 days of unemployment (with no income criterion). The new criteria are less restrictive than those for the largest title VI component, enacted by P.L. 94-444, which require persons to be unemployed for 15 weeks (or be members of families receiving AFDC) and have a family income at or below 70 percent of the lower living standard budget. The somewhat loosened eligibility standard being proposed is designed to reflect the differences between countercyclical and structural unemployment.

-- for current title II/new title VI, many of the persons who met the current eligibility criteria of only being unemployed 30 days would be excluded from participation under the new criteria. In 1977, of the 353,922 new enrollees in title II, 51.7 percent did not meet the economically disadvantaged criteria.

QUESTION XIII

Almost 75 percent of Title II and VI enrollees for fiscal year 1977 had twelve or more years of education. Should prime sponsors be encouraged to enroll participants who are not as well educated? Should steps be taken to encourage Employment Security Agencies to devote greater resources to placing these individuals? If so, what action can be taken to encourage prime sponsors and Employment Security agencies to act accordingly?

ANSWER XIII

While the 75 percent figure is correct it is also true that only 34.3 percent and 30.8 percent in titles II and VI, respectively, had more than a twelfth grade education. In title II, 22.5 percent and in title VI, 27.7 percent of the enrollees had less than a twelfth grade education.

We feel that the new eligibility criteria being proposed in the Administration's CETA reauthorization bill will assure better targeting on clientele groups most in need of services. It should be kept in mind, however, that the title VI public service employment program is a counter-cyclical program with somewhat different eligibility criteria than the title II comprehensive services program (where public service employment is an employability development tool for the structurally unemployed).

New provisions in the Administration bill relating to job search assistance, joint agreements between the prime sponsor and the State Employment Security Agency for carrying out job search assistance, and new Governor's coordination and special services responsibilities should facilitate the utilization of ES agencies in the placement of CETA participants.

Also a new provision will make it more difficult for persons just out of college to qualify for CETA.

QUESTION XIV

Critics of CETA have charged that, as now administered, the local prime sponsor's public service employment programs do not provide adequately for training of the hard core unemployed, and consequently the programs are contributing little to lessening future dependency upon CETA. What assurances does the Department receive from prime sponsors that CETA participants employed on public service projects receive adequate supervision and training so that they are qualified to accept private sector employment in a similar occupation upon termination of their CETA position? What assurance does the Department have that there are private sector jobs available which are in a field for which CETA participants have been trained?

ANSWER XIV

Prime sponsors must assure and certify to the Department of Labor, as a basic part of their grant applications, that:

1. Special consideration will be given to jobs with prospects for advancement or continued employment by providing training and manpower services designed to (a) promote the advancement of participants, (b) provide participants with skills for which there is an anticipated high demand, or (c) provide participants with self-development skills; except where exempt under the provisions of section 604 of the Act, provided, however, that nothing contained in this paragraph shall be construed to preclude persons or programs for whom the foregoing goals are not feasible or appropriate.

2. To the extent feasible, public service jobs shall be provided in occupational fields which are most likely to expand within the public or private sector except where exempt under section 602 of the Act.

3. Special consideration in filling transitional public service jobs will be given to unemployed persons who are the most severely disadvantaged in terms of the length of time they have been unemployed without assistance.

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While we can appreciate the concerns expressed, we believe that many people have not recognized the dramatic turnaround experienced by title VI in recent months. The following points need to be made.

1. The PSE placement rate is about twice as high as the published data would suggest. This reporting peculiarity resulted from a seesaw funding pattern between titles II and VI that created many paper terminations and enrollments needed to prevent laying off participants. The corrected PSE placement rate averages from 30 to 35 percent, which compares with the title I median placement rate of 32 percent. This especially impressive since prime sponsors are allowed to waive placement as a goal for PAE programs.

2. Prime sponsors have been devoting their energies to a crash program to put people to work. The national goal of 725,000 was very ambituous--many people felt it could not be reached. Many prime sponsors delayed coupling their projects with title I training programs because they did not have the capacity to be innovative in too many directions at once. However, now that hiring goals have been met, most prime sponsors will intensify their efforts to couple training with the PSE jobs. Much of the training will focus on participants completing their 1-year projects, to provide training more tailored to individual needs than is possible with the task-oriented projects. Also under the new title II any PSE must be combined with training and other employability services.

3. The projects' approach under title VI is still such a new program that there is only limited data available to measure the new directions. Real growth in title VI (excluding transfers from title II) began its steep climb during May 1977. Most of this growth relfects enrollment in projects and indicates service to a significantly more disadvantaged group than previously, as shown by the following table. Only females have shown a drop in their enrollment rates. All other groups characterized as being most in need of manpower services are being enrolled at a greater level than previously. Some groups, such as AFDC recipients and offenders, have more than doubled their rates of enrollment.

TITLE VI ENROLLMENT

	Cumulative Enrollment up to 3/31/77	Enrollment from 4/1 to 6/30/77	Enrollment from 7/1 to 9/30/77
Total Number of Participants	280,990	90,439	809,307
Percent			
Female	38.1	32.8	34.3
Less than High School Education	26.6	25.5	28.6
AFDC Recipient	6.0	14.6	14.4
Other Welfare Recipient	6.0	8.3	9.4
Economically Disadvantaged	48.8	80.5	84.4
Non-White	29.5	27.5	29.0
Total Veterans	20.9	27.5	29.0
Offenders	2.4	4.2	5.5
Handicapped	2.4	4.3	4.5
Unemployed	63.9	86.4	95.0
Receiving UI	12.6	20.8	19.5
Sum of Percents	258.6	334.6	361.6
"Index of Disadvantagement"**	1.000	1.294	1.398

Source: CETA Quarterly Reports

* Changing definitions for unemployed have made these figures unreliable over time. Estimated for September 30.

** "Index of Disadvantagement" is the sum of the percents for the quarter's enrollment divided by the sum of percents for cumulative enrollment as of March 31, 1977.

In summary, a close look at PSE, taking into account its multiple goals and considerable pressure, has demonstrated that it's a highly effective program for (a) stimulating the economy, (b) creating jobs to put poeple to work quickly, (c) providing needed public services, and (d) movingpeople into unsubsidized employment.

QUESTION XV

A wage limitation of $10,000 has been placed upon public service employment. Certain States, notably Alaska and Hawaii, have commented that this amount will be insufficient to pay wages in even entry level positions due to the high cost of living in those States. Has the Department considered varying the wage ceiling based upon the cost of living in different areas of the country?

ANSWER XV

In spite of cost of living increases, we do not believe the $10,000 limit is unrealistic. A recent analysis of outlays in comparison to enrollments for PSE showed that the cost per person per year ran no higher than $8,500. With an anticipated 5 percent increase for FY '78, the cost per person per year should run about $8,900. These figures not only include wages, but also funds for administration, training and services. While the Department has considered varying the ceiling, we feel that the $10,000 limit already allows some latitude beyond the national average for States such as Alaska and Hawaii.

QUESTION XVI

In proposed Ttile V, the Administration would increase the number of representatives of executive departments and agencies on the National Manpower Commission. In order to maintain a "balance of views," do you believe it would be appropriate to proportionately increase public representation on the Commission?

ANSWER XVI

The final Administration bill, as transmitted to the Congress on February 22, would add four new public members to the Commission (to a total of 14), as well as increase the number of representatives of executive departments, agencies, and counsels (to 13). This should assure that a balance of views is maintained on the Commission.

QUESTION XVII

Please explain changes in the coordination of activities between prime sponsors and the Employment Security agencies as contemplated by the legislation and the reasons therefor. The Department has undertaken a project to examine various methods of coordinating the functions of these providers of services. Please present the subcommittee with a brief status report on these projects to date, and discuss the Department's future plans, if any, for increased coordination between CETA prime sponsors and Employment Security agencies.

ANSWER XVII

The goal of the ETA has been to link and coordinate the ES and CETA programs to the extent possible under present legislation. Currently, the matching of jobseekers with job openings, which is the central mission of the ES under Wagner-Peyser, also may be carried out independent of the ES by CETA prime sponsors. To minimize duplicative and competitive programs, the ETA has directed that the ES provide free direct placement services to CETA prime sponsors, and the ES disregards direct placements by CETA prime sponsors as an indicator ofprogram success.

The major new area of linkage and coordination has been in the mounting of the PSE expansion. The majority of participants were referred by the ES. Most were certified as eligible for program participation by ES under joint agreements negotiated between the two agencies.

Provisions of the proposed CETA amendments include substantial changes which mandate increased coordination of activity between the CETA prime sponsor and the State Employment Security Agency.

A new section (sec. 205) relating to job search assistance has been added to the Act. Job search assistance which is to be provided to appropriate participants under the Act, includes the following:

1. Comprehensive intake, including determination of eligibility, administered through State employment security agencies (SESAs) or other comparable arrangements.

2. Computerized job matching, through agreements with SESAs.

3. The provision of appropriate assessment, counseling and testing services.

4. Where appropriate, job search grants to explore out of area job opportunities and relocation assistance.

5. Information and referral to public and private sector jobs.

6. Job development, through arrangements with SESAs or other comparable arrangements.

7. Followup services.

The State employment security agency is to be reimbursed for the costs of services not normally provided by that agency. These provisions have been included to ensure that there is a comprehensive, coordinated and effective mechanism to carry out labor market exchange functions for participants in a prime sponsor area.

With respect to demonstration programs, the ETA has funded nine demonstration projects to evaluate the effectiveness of various CETA/SESA linkages. There are two basic objectives for these programs. One is to gain information would be helpful in setting policy on the CETA/SESA interface. The second objective is to develop a report that will translate the experience of the projects in a form that may be useful to other local areas that are attempting to effectively coordinate and link their SESA/CETA operations.

Each of the nine project sponsors set local objectives and processes to link CETA/SESA activities. Onsite interviews with project staff have been conducted including reviews of project documents and records. A final report on these onsite reviews will be completed in April 1978. Additionally, a seminar to exchange information on linkage experiences and techniques is scheduled to be held in Washington, D.C. during March. A report of these procedings will be published later this year.

QUESTION XVIII

Senate bill 418, as amended, provides for the establishment under Title III of CETA of fifty multi-purpose centers for "displaced homemakers." Please comment upon the employment needs of these persons and whether you believe the approach of S. 418 in establishing multi-purpose service centers is the best method of addressing their particular employment needs.

ANSWER XVIII

We believe the special employment needs of "displaced homemakers" warrant their being included as one of the special target groups under Title III of CETA. Accordingly, in the Administration bill dispalced homemakers (and also single parents) are added to the list of specifically mentioned segments of the population for which the Secretary is authorized to carry out programs. The multi-purpose service center approach of S. 418, as amended, is certainly one approach which should be considered for serving this group. It may also be desirable to develop other approaches on a demonstration basis, to be utilized as models for more widespread replication in the future. We prefer the flexibility afforded by the language in the Administration bill, rather than specifying the programmatic details in the legislation.

QUESTION XIX (a)

In accordance with section 108(d) of the Act, how many times have you revoked prime sponsors plans in whole or in part?

ANSWER XIX (a)

Partial revocation of plans has occurred with one prime sponsor and ETA is currently in the process of revoking in whole the prime sponsorship from a city. One prime sponsor was not funded at all for FY 77 but funding is being reinstated on a partial basis for FY 78 and in another case, a prime sponsor is being funded on a month-to-month basis, pending a decision by the Administrative Law Judge on alleged violations. In another instance, the funding of a prime sponsor was suspended pending designation of a new administrative agency for the CETA program. Additionally, under reallocation provisions of title VI, we have reallocated funds from 16 prime sponsors and have provided these funds to prime sponsors where the funds could be utilized.

QUESTION XIX (b)

In accordance with section 711 of the Act, what actions have been pursued in cases where theft, embezzlement or improper inducement has been identified?

QUESTION XIX (b)

About 60 such cases have been identified, including some instances of multiple violations, or alleged violations, one prime sponsor program. Actions taken range from the guilty party being fined and incarcerated to a report being made and corrective action implemented in less severe cases. In some cases, offending employees have been fired, and there are several instances where a case is now before a grand jury. Where a case is closed and guilt ascertained, the misued funds have been restored to the CETA programs. A number of cases of alleged violation are still under investigation, including investigation by the FBI.

QUESTION XIX (c)

How many prime sponsors have been duly notified of non-compliance with section 712 (nondiscrimination) of the Act?

ANSWER XIX (c)

To date 7 prime sponsors have been notified. In these cases corrective action has been ordered, including the reinstatement and payment of backwages to affected persons in two cases.

1.(a) QUESTION: Should some of the Title II money be set aside for incentive grants for those prime sponsors who do particularly well in their training programs, as evidenced by such factors as rate of placement, salary and longevity in the job when compared to a group within the prime sponsor's area which did not go through the Title II program?

ANSWER: We have been carefully considering prime sponsor program effectiveness during the past few years as part of the annual refunding process of local prime sponsor programs. In undertaking such assessments of local prime sponsor performance, our major problem in determining what is good and what is not good lies in the wide variation of program design. Assessment criteria of placement rate, cost per placement or other factors will show substantial differences for different types employment and training activities. Additionally, these same criteria would be affected by such factors as local economic conditions, occupational demand in the area, and the characteristics of the participants served.

While we believe that to evaluate programs for incentive purposes on factors such as placement rate, salary, and retention would prove to be extremely difficult, particularly because of the design latitude allowed in CETA, we are exploring the possibility of developing such criteria.

1. (b) QUESTION: I notice that Section 212(a) of the bill which you have submitted places a 50 percent limit on the funds that may be used for public service employment and work experience.

Aside from incentive grants and limitations on use, what other mechanisms do you believe would be effective in focusing Title II money on structural unemployment problems?

ANSWER: We believe that to effectively focus Title II funds on structural unemployment problems, it will first of all be necessary to emphasize recruitment and selection of program participants with the most severe problems. The unskilled disadvantaged are often difficult to reach so that determined outreach methods must be employed to bring these persons into CETA programs. As an adjunct to special recruitment measures, the selection process must be geared toward screening in those most in need of training and other employment services. Recruitment will also be directed to serving the unemployed population on an equitable basis according to race, age, and sex.

Title II programs must be designed by local prime sponsors so as to respond to the needs of the structually unemployed, particularly in terms of the level and types of training. Another problem in dealing with the structurally unemployed would be that of retention in Title II programs. To deal effectively with this problem, supportive services, particularly counseling, coaching, child care and emergency health and other services must be provided where needed.

Accordingly, the other mechanisms will involve technical assistance, guidance, and careful review of grants to assure that programs are designed to respond to the needs of the structurally unemployed.

QUESTION No. 2. There is little difference between the eligibility criteria which pertain to Title II and those which pertain to Title VI. Part B of Title II requires that a person must be economically disadvantaged and either unemployed, underemployed, or in school to qualify. To qualify for Title VI assistance a person has to be unemployed for five weeks and economically disadvantaged. Do you believe that there should be some greater specification of the people who should be placed in a training program and those who should be placed in a work oriented program? Perhaps we should merely provide some guidance to the prime sponsors, through a series of considerations that they should keep in mind when placing people. Or, perhaps, we should be more stringent about who should go where. What are your views on this?

ANSWER: In order to be eligible for participation in Title II of the Administration's CETA reauthorization legislation a person must be classified as economically disadvantaged for a 6-month period; in order to be eligible for participation in Title VI a person need only be economically disadvantaged for a 3-month period.

We believe that the period during which family income is to be counted is an effective criterion for

determining whether persons should be placed in Title II or Title VI programs. Taking the longer period (6 months) for Title II will serve to direct the more disadvantaged unemployed into the Title II structural program. The Title VI program will be open to the cyclically unemployed, who have saleable skills but who are unemployed due to temporary economic conditions, and are less likely to have a period of earnings which indicate lengthy periods of unemployment. On the other hand, those who are structurally unemployed, due to a lack of competitive job skills, are less likely to find stable employment without training or retraining.

Our views are that persons who are less in need of skill training should be placed in the Title VI programs, reserving Title II funds for the more disadvantaged, less skilled persons. We believe we can further specify through guidance to prime sponsors those who should go into Title II and Title VI programs. In addition to the period of earnings, a person's work history will provide some indication of his/her skills and accomplishments. Where skills and previous training are absent from the work history or where they are obsolete, the need for training or retraining is obvious. There may be cultural, health or other problems that create barriers to employment for such people and which can be detected in the preplacement interview. Where such barriers are in evidence, they, too, should be taken into account in deciding into which program participants should go.

QUESTION 3(a). Can you tell me--with regard to as many of the groups mentioned in Section 301(a)(1) for which you have the information--what proportion of the people in each group meet the CETA eligibility criteria you plan to employ, and what proportion of the funds allotted through CETA have been spent on each group? I understand, for instance, that very few older workers have received CETA positions. Is this true?

ANSWER: The following table indicates the amount of CETA discretionary funds allocated to programs designed to focus exclusively or primarily on the employment related needs of the four groups identified in CETA Section 301(a):

FISCAL YEAR 1978 ('s in Thousands)

Total amount budgeted under the discretionary provisions of CETA Title III-A. $73,694

Discretionary resources budgeted to support projects or programs aimed exclusively or primarily at the target groups named below.

a. Youth. $33,200 (45%)

School to Work Prog..... $ 3,200
Minority Group Skill Training ... $30,000

b. Offenders. $6,300 (9%)

(1) Offender programs . . .$1,000
(2) Supported employment . $5,000
(3) Bonding. $300

c. Persons with limited English-speaking ability. $2,500 (3%)

d. Older workers $22,000 (30%)

The following table indicates enrollees served under those CETA porgrams which allocate funds to State and local prime sponsors for groups listed in Section 301(a)(1).

CETA Enrollments
Selected Groups
Fiscal Year 1977

	Total	Percent	Title I	Percent	Title II	Percent	Title VI	Percent
Total Enrollment	2,361,400	100.0	1,435,660	100.0	352,900	100.0	560,900	100.0
Limited English Speaking Ability	99,600	4.2	73,600	5.2	8,900	2.5	17,200	2.9
Handicapped	96,200	4.1	62,800	4.4	12,600	3.6	20,900	3.7
Youth (under 22)	823,800	34.1	731,930	51.7	71,600	20.3	120,400	20.3
Older workers (55 plus)	97,900	4.1	53,950	3.1	20,600	5.9	33,700	5.6
Ex-offenders	127,600	5.4	90,955	6.7	10,200	2.9	22,500	3.8

Information on the proportion of each of these groups which would meet the new eligibility criteria for those titles which allocate funds to prime sponsors is not available through the regular CETA data system. Information on the proportions of some of these groups which are economically disadvantaged (according to the old criteria) will be available through the Continuous Longitudinal Manpower Survey (CLMS).

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Question, 3(b)

Can you tell me what effect it will have if funds allotted under Title III can be used for others as well. Will the needs of these groups--which have a tougher time than others--get less than their proportionate attention? If they are now getting less attention than they need, will the proposed change lead to still greater distortions.

Response

The language change that is being proposed would not adversely impact the groups that are mentioned in the current version of section 301(a). While the current version mandates the provision of additional employment-related services to these groups, it does not include any requirements as to the levels of these additional services. With the new language, the basic procedures and groundrules for determining the specific level of additional services to these target groups will remain the same. That is, they will continue to be established through the congressional budgetmaking process. It should also be noted that the list of target groups named in section 301(a) was never meant to be all-inclusive. That is why the open-ended phrase, "and other persons which the Secretary determines have particular disadvantages in the labor market" appears in the current statute.

Question 3(c) Do you believe that it should be Congress' role to determine how much money to allot Title III programs, rather than alloting a certain amount and then leaving it in the discretion of the Secretary as to how much of this he will spend in this area? If we are going to give the Secretary discretionary funds, shouldn't we determine the amount through a separate provision rather than be left guessing at his division of Title III monies?

Response: Both the current and the proposed CETA authorization merely place a limitation on the amount of funds which may be made available for carrying out the provisions of Title III. Each budget request, presented to the Congress, details the amounts requested and the proposed purpose for expenditure under Title III, allowing the Congress to approve or disapprove as they see fit.

Senator NELSON. Our next witness will be Dr. Eli Ginzberg, chairman of the National Commission for Manpower Policy, professor of economics, Columbia University.

Dr. Ginzberg, the committee is very pleased to have you appear here today to testify in your capacity as chairman of the National Commission for Manpower Policy.

Senator Javits wished to be here to present you to the committee and listen to your testimony, but he is appearing before the Rules Committee as the minority representative on the committee. He asked me to advise you to that effect.

You may go ahead. Your statement will be printed in full in the record.

I have some people waiting, so I will be missing the first 5 minutes here, and Senator Riegle will be here.

Dr. GINZBERG. There is a proposed new name for the Commission in Secretary Marshall's testimony. We are also in favor of a change because there has been some unrest about the name "Manpower."

Senator RIEGLE. What is the new title?

Dr. GINZBERG. It has been suggested by the Department of Labor that it be called the "National Commission for Employment and Training." I prefer the "National Commission for Employment Policy."

Senator RIEGLE. Either one would be an improvement.

Dr. GINZBERG. I think so.

Conceivably, we might suggest the "National Commission for Human Resources Policy". That is my own preference, since I am the director of the Conservation of Human Resources Department at Columbia University.

STATEMENT OF ELI GINZBERG, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY, CHAIRMAN, NATIONAL COMMISSION FOR MANPOWER POLICY

Dr. GINZBERG. I want to first comment on some of the questions that you raised, Senator Riegle, and Senator Nelson, and Senator Javits, because I think that is the most effective way of proceeding.

There is a correction to be made on paragraph 2 of my remarks. There should be no dollar sign in front of the 725,000. I apologize for that.

Let me go back to the beginning and just remind everybody that the report of the Brookings Institution is a report to the National Commission in response to an amendment that Senator Bellmon introduced in the 1976 amendments to CETA—Public Law 94-444—to have the National Commission report at length to Congress about the net employment effects of PSE. We will do so in the time period that we agreed with Senator Bellmon, which is next month.

By the end of next month, the Commission will have a series of firm recommendations for you as to how we see the evolution of Public Service Employment. The Brookings report is a major source for us, but by no means our only input. We held hearings in four locations throughout the United States at which we received information from a wide range of witnesses. We had 82 people before us in total, and additional written statements. That is part of the input.

In addition, we asked a group of scholars to examine certain points, at the end of 2 years. As far as our experts are concerned, there is substitution rates for PSE. The conclusions of one of these studies are repeated in the special analyses for the fiscal year 1979 budget and, I am convinced, are incorrect. They show a substitution of 90 percent at the end of 2 years. As far as our experts are concerned, there is substantial question about the accuracy of that figure.

We will have a comprehensive report heavily based on the Brookings analysis but not exclusively. I would like to say that the report actually deals with two concepts. One is "job displacement", and the other is "fiscal substitution".

Our primary concern really is not with what appears to be the fiscal affects but what really happens in terms of jobs. I prefer to use the word "job displacement."

Let me clarify what the Brookings report said. It indicates that there was 31 percent "job maintenance", that is, where cities and counties in distress were using the CETA funds to maintain people in jobs that otherwise would not be there. That is a judgment, but the judgment was made by the field investigators based upon the situation in the community and whether they were up against their tax ceiling.

In many communities, they could not have raised more taxes. In any case, the best judgment of the field staff was that in 31 percent of the cases, had the CETA funds not been available, the jobs would not have been there; and, therefore, in these 31 percent of jobs, CETA employees would not have been there; and, therefore, it represents a job creation.

Senator RIEGLE. Let me understand something. Are we saying that the observation was there was such extreme pressure on local governments they were about to undergo a devastating cutback?

Dr. GINZBERG. Correct, a job was not eliminated in 31 percent of the cases.

Overall, they found another 18-percent displacement in which the CETA funds made it possible for the communities able to raise additional revenues to substitute Federal dollars to pay for their services.

Now, that 18 percent was for the totality of title VI(A) and VI (B).

It was on the project where the displacement figure went down to 8 percent. We are on the right track via the project approach, but it is not correct to say the displacement factor is 8 percent at the moment. It is, altogether, 18 percent displacement.

Senator RIEGLE. That is 18 percent based on these very important definitional judgments?

Dr. GINZBERG. I think that is clear. I think the argument would only be on the amount on top of that.

Senator RIEGLE. That is what I mean. That is a very big issue.

I guess, based on that operating assumption, you have to assume that the municipalities faced with that pressure would have made those reductions. There would have been a lot of outcry, but they would have sustained them, if there had been no other means.

Dr. GINZBERG. I don't know that actually could have happened. I think there were places it was impossible for that to happen.

I think the Brookings staff took a pretty hard-nosed view. I think that is the way I would like to let that ride for the moment, until we have come through with our full report to you.

Senator RIEGLE. I think just one illustration: The city of Detroit, an extreme municipal hardship case, faced substantial layoffs in the police department in the face of an enormous crime rate. The bulk of CETA then went into that area. To the extent that Detroit fits the 30-percent substitution, I would say you may be able to sustain those layoffs for a time; but, unless you want social chaos, some way had to be found to pick that up.

Dr. GINZBERG. We will come in with our report about PSE in periods of extreme difficulty, look at it in relation to emergency revenue sharing, and other mechanisms.

There was a lot of discussion about targeting, and you pressed the Department of Labor, near the end, to increase the program for the displaced homemakers. There is an estimate which indicates that, under the tight targeting provisions which now exist under the project approach, the amendments of 1976, approximately 6 million people in the United States are eligible for those PSE jobs. Once you say that there are 6 million eligibles, and 22 million eligibles under the looser definition of VI(A), you confront the administration, Congress, and Nation with the situation of colossal discrepancy between the special efforts the Congress has provided and the total number of people who are eligible.

I think before we go too far in targeting to make sure that special groups are considered, we should remember that the CETA principle is to put heavy weight on decentralization. There is a limit to what can be done. I couldn't agree more the displaced homemakers are a serious group, but one comes back to what kind of discretion is left to local communities?

Senator RIEGLE. I want to make sure I understand the one point you made, because I think it is very important. You are saying, essentially, there are 12 million people that are basically——

Dr. GINZBERG. Six million under the new amendments, 22 million under title VI in its totality as it now stands.

Senator RIEGLE. Twenty-two million as a total. So, in other words, what you are saying, the way you have described it, we are really holding this program out to 22 million people who are out there and who need the program, who are identified as needing this program.

How many people, roughly, can we help out of that 22 million?

Dr. GINZBERG. I am not begging the question, but I want to say that the third annual report of the Commission will be forwarded to the Congress in April, and in the third annual report we will address in detail this question of people who need services and the scales of programs that are around and who gets what.

Senator RIEGLE. CETA, as it is now constituted, can only meet a minor fraction of the people. That is why I think the issue—the problem is, if you are going to have a line of people in front of the CETA window who want to come in, and you will never get to the end of the line, you have to make careful judgment as to how you segment the line. It may well be that, if we are going to say to ourselves, "We can't afford to help everybody," we have to be balanced enough in how to

structure the places in line so there is no major segment that gets the end of the line and never gets a chance to work its way up front.

That would not be an acceptable answer, in my judgment.

Dr. GINZBERG. I would like to submit an article which I wrote in November's *Scientific American* of last year, called "The Job Problem", in which I reviewed what had been happening on the expansion of jobs since World War II and the number of people overhanging the labor market. I came to a figure of 24 million people who, at present wage levels, if the jobs were there, would be pulled into the labor market. That really refers to the point that you raised with the Department of Labor; namely, how does this whole story fit into the larger Humphrey-Hawkins framework.

Senator RIEGLE. We would like to have the article.

Dr. GINZBERG. I thought you might be interested in this draft paragraph that I wrote for the Commission's consideration in its PSE report.

> The earlier versions of the Humphrey-Hawkins bill contained a provision that, in the event of a shortfall in the number of regular jobs in the private and public sectors, the Federal Government would serve as an employer of last resort and make a PSE job available to every person able and willing to work. As a long-term objective, the Commission favors such a guarantee. But it agrees with the sponsors of the 1978 bill that it would be premature to establish such an entitlement at the present time. However, future recommendations as to the optimal scale of PSE must be considered within the context of a national goal that will make it possible for each person able and willing to work, to be able to do either in a regular job or in a PSE job.

We are very conscious of the linkage between CETA and Humphrey-Hawkins and potential claimants in the wings waiting for jobs.

You asked one of my predecessors here as to what portion of the 4 million jobs created over the past year were filled by new entrants or reentrants to the labor force? In general, our analysis in the office suggest that about two out of every three persons who gets a new job in a year like 1977 was very likely a new entrant or reentrant. We know this: Of the 4 million people, only 1 million represented a reduction in the aggregate unemployment total. It was primarily youngsters and women who had not worked before. I cannot swear for that figure, but Patrick O'Keefe, who is sitting behind me here, is very good with his figures, so I will rely on it.

Let me talk, if I may, for a second, about Senator Javits' concern about training dimension.

Senator RIEGLE. May I ask, before we go to that: I am trying to think through the implications of the two out of three figure of the people being in effect new to the labor market.

If that figure is 2 million, do you know what the figure of people would be that fall into the category of new people seeking work? Would that figure, what would the general magnitude be, 2 million out of what number of million?

Dr. GINZBERG. That is why I wanted to submit that article of mine. It depends how you think about it.

The Bureau of Labor Statistics has been constantly underestimating the number of people interested in entering the labor force. They just don't believe that there is a revolution underway in the United States.

Senator RIEGLE. I gather they are not geared to do that.

Dr. GINZBERG. It is apparently hard for some men to understand women. They just don't believe the evidence. That is a consistent problem.

I think we ought not fail to observe that there is another phenomenon going on which has me very nervous. There are a lot of them, primarily white, who are dropping out of the labor force in increasing numbers starting at around age 55; and an increasing number of black men dropping out even earlier. There are a lot of funny things going on out there that we do not have under adequate control.

We have a situation in which one-quarter of all the persons between 55 and 65, male, are not in the labor force. I don't suspect that everybody who has gone out is rich and retiring early. Once I have accounted for permanent disability and early retirement, I don't know what is going on out there. There are funny things going on.

Senator RIEGLE. Of the 2 million people who came into the job market for the first time and were absorbed, I am wondering how many would be the narrowed down, pretty traditional group of people: finished school or job training, who normally would be expected to be ready to enter the job market, and, if that number would be something in excess of 2 million; in other words, so that the people normally who would be absorbed, this was still some fraction of the total?

Dr. GINZBERG. I can tell you why that is so difficult. I have been teaching for 43 years, more years than I care to remember. There are all kinds of changed patterns about how people go into the labor force. You have all kinds of mixed patterns: Go to work a couple years, come back to school.

Let me try to raise a few other points that might be of interest to you at this stage of the game. The Deparment of Labor is putting a lot of stress on the community-based organizations—CBO's—to carry an increasing responsibility for PSE-type jobs. The only thing that we know at the monent is that there are a larger number of minority people being employed by the CBO's, but we had testimony in our public hearings which indicated that there were old CBO's with experience that knew how to mount programs, and a large number of new CBO's coming out of the woodwork; and I, for one, am still very unclear as to what will happen with the transition off of PSE and/or to regular jobs at the end of 12 or 18 months from the CBO part of the affair. I am, in fact, very uneasy about what will happen with regard to most of the transition.

We don't know about the transition of the PSE terminals into the regular market, either into regular governmental employment or the private sector. My own view is that the transition is in governmental employment and is going on selectively.

Dr. Nathan worked up evidence which indicates that local government personnel officers are using the CETA group as a labor pool to look over, and then they pick the very best workers out of the CETA pool when there is an opening. That is all right as long as initial targeting took place.

We get a pretty good view, I think, from the testimony that we heard in the field that, in quite a few jurisdictions, they are looking to CETA as a goal for future governmental employees, but that cannot take more than a small portion of the total number of PSE workers, not unless State and local governments blow up again. Therefore,

I am very restrictive, in the absence of serious training in connection with PSE employment, as to what is going to happen to these people.

That leads me to Senator Javits' point; I think one needs to do more, to bring the old title I training component in and build it in, together with the PSE component. If you have somebody for 12 or 18 months on a public service job, and he or she doesn't pick up any kind of skills to make him employable, we aren't doing a very good job.

We heard testimony that this is a funding problem that goes way beyond just the PSE. The Department of Labor has a new private sector initiative. There was some discussion about the mechanism for doing that. I have lived with these programs since day one. I would say that the only time that I saw real private sector activity, serious concern with the seriously unemployed, was when President Johnson personally intervened and asked the captains of industry to help out.

They did so. This was in 1967 and 1968, when the labor market was tight.

We have had very little success in getting the private sector energized to play a significant role in facilitating the transition of people from training programs into regular jobs. It is exceedingly important that we make a major effort in that direction.

Senator RIEGLE. You may be familiar, one of the interesting experiments is the Chrysler Corp., which has made a very major effort along that line. They have had 50,000 people come through their program. It is a staggering figure to my mind. We heard some testimony from them. We will try to have them here for the hearings. I doubt we have any other live, breathing, private sector, profitmaking organization that has been as involved as long or processed as many people as they have. I am very interested in dissecting their experience.

Dr. GINZBERG. I remember them as a major participant. If I recall, when the automobile industry went down in 1970, they had to terminate a large amount of their efforts. You cannot ask a private employer in a downward trend to do very much. It is impossible for them to do so when sales are off and they are faced with the reality or possibility of laying off current workers.

Senator RIEGLE. I do not suggest you use the auto industry for that reason. But the fact we have had a private employer with that type of experience is something we ought to take a look at, and will.

Dr. GINZBERG. I would like to come back to wage levels and what makes for sensible wage policy. The question really is: How do you conceive of PSE?

I would say that I could conceive of a PSE program, especially if it had a significant training component, as being one in which people had a chance to go on a public service job and got an opportunity for some training and the wages which they would receive could be close to the lowest wages a municipality pays to other workers. The hope is one should not try to get the PSE wage level above the market the participants will compete in. As the wage level increases, you reduce the number of people you can serve. It is my view that where there is training and emphasis on transition PSE wages should be set above the minimum of income transfer funds but below the prevailing wage.

I do not see any great objections to the proposal of the Department of Labor to permit a 10-percent override for special cases. I would rather support them on that.

It seems to me to be reasonable, unless one looks on PSE as simply—which I do not think you or anybody else wants to do—as a substitute for the regular payroll. I would say their proposed wage structure is likely to contribute to some reduction in substitution.

Senator RIEGLE. Just on that point, I must say that I am struggling with this issue, who gets the first spaces in the line. Our unemployment problem is a very complex one to analyze in terms of who makes up the unemployment pool and who we decide to pull out of it first. It seems to me you have to have some flexibility in the wage rates. I hear what you are saying. It seems to me if we made it hard and fast on that basis, that introduces a bias that screens out a lot of people that maybe we do not want to totally screen out.

You have a terrible problem of equity when you have as many as 24 million overhanging the labor market who would like to come to work. Unless we find some way, we have a very scaled down program, of parceling it out with equity.

Dr. GINZBERG. I would simply say to you that I do not think that we can really have it both ways. You either take the targeting seriously and therefore exclude people who are regular members of the work force and may be temporarily unemployed, some of whom may have been making $25,000 before they lost their job. You have to put criteria down if you are going to have serious targeting, or you are not going to have it.

I testified before Senator Nelson and Senator Beall before they went to their amendments in the Emergency Jobs Program Extension Act, 1976, and very strongly supported the way they moved. I thought we were getting to a place where PSE had been opened up so wide under that countercyclical approach that it was not doing what it had been intended to do.

It is true that there are large numbers of people out there that need help. Therefore, I would try to persuade you to write tight targeting criteria into the law.

I want to comment about whether we should have a significant countercyclical clause in addition to that. The Commission has not yet finalized its recommendations on this. I am talking for myself. As far as I have been able to think my way through this, I would not like to see a reemergence of those two things in the same legislation because we had bad experiences with an admixture of the countercyclical and structural.

I would not object to some kind of automatic expansion and contraction of the scale of structural PSE automatic funding as the unemployment rates move, as long as it was understood that the additional funds would be targeted on the structurally unemployed. I think as you go into a recession you do pick up more and more severely disadvantaged people.

After 26 or 39 weeks on unemployment insurance, those people ought to be eligible for PSE jobs. The more severely affected cyclically unemployed person can become a structurally unemployed person.

I would not want to have this mixture of different criteria and so on. I think that would get us into the same old mess we were in.

Senator NELSON. I do not either.

There is a problem that bothers me, and it may be difficult to tackle and it may not. When the unemployment rate drops and drops low

enough so it is not much of a problem for anybody who has any skill at all—it could go down to 3 percent, which we would all like—nevertheless, at that point, you have not had that percentage drop in what I think of as structural unemployment—I understand you can define things as you wish, as the rabbit did in looking through the glass. When I say it, I am talking about those who have no skills at all, have not been in the labor market, and even if you did drop from the 6-percent unemployment—my State has 4.6 percent—all the way down to 3 percent and then look at structural unemployment, that may have dropped very little.

There ought to be some program ongoing for those severely disadvantaged who are not affected by a low rate of unemployment.

Dr. GINZBERG. I surely agree with you.

As late as 1969, poor black youths in Harlem were not making it when New York was at its peak employment. I would surely think that a meaningful structural program that is directed to severely handicapped people should be maintained whenever they qualify.

Senator NELSON. I have not had a chance to study this bill because we just got it at 5 o'clock yesterday.

Does this bill in any way in its triggering mechanisms address this specific question?

Dr. GINZBERG. If I understand the bill from the last version I saw, this bill is really a kind of a modest bill for the long-term program for the structurally unemployed, except for taking people off welfare. It has an idea of 100,000 continuing jobs for the structurally unemployed. The welfare reform package would provide 1.4 million minimum-wage jobs for the people who eventually are supposed to come off welfare. As proposed, it will provide a job for any primary wage earner who does not have a job but wants one, as long as he or she fulfills the requirements.

The CETA reauthorization is very much tied up with this welfare reform.

The administration has picked up an old recommendation of the Commission called an "assured jobs" guarantee for 50,000 jobs—they have proposed 50,000 jobs as part of the welfare reform demonstrations. It will let us see what happens in a series of communities if we give the welfare clients an assured jobs guarantee. I am very much in favor of that.

Their long-term view, if I understand it, is to slowly see a transformation in which the whole welfare work proposal that lies in the background will dominate the PSE part of the affair at 1.4 million. I figured out on their bill, just as I was sitting here, if they have 1.4 million jobs under welfare reform, 100,000 regular PSE jobs, under CETA, and then they want 100,000 for each half point of increase of unemployment above 4.5 percent, that means if we went to a rate of unemployment of 6½ percent, that would mean 1,900,000 PSE jobs. I would like to put a warning sign up. I do not know whether our current system can do that or not. It may be feasible to think over the long pull for a much differently shaped and larger program.

The buildup from where this administration started has not been easy. They have been on the phone, pressing very hard to get that buildup, and because of their efforts they will probably meet their target in March.

I suggest that we accumulate some more experience with the way we are now going and we try the 50,000 jobs in the welfare experiments. Then we will be able to make informed judgments in re scale and mode of operation.

I pointed out, while you were out, Mr. Chairman, that there are a lot of funny things happening in the labor market; namely, that a quarter of all the white men, 55 to 65, are no longer part of the labor force. We know there are not that many rich people retiring voluntarily, and we know that the black male withdrawal from the labor force is already at the 10-percent level at age 45.

There are very interesting and different warning signs out there. Therefore arranging the flow of dollars and jobs in relation to those who need them is much more complicated than ever before, and I think we have to learn more about that. I think it is also true in the youth area. We did a study on unemployment in the urban core and I asked a very simple question: Go into Harlem and find out what kids between the ages of 18 and 24, not at work, in the Army or in school, are using for greenstuff.

One of the things you discover is that there are a lot of people around who can manage to get their hands on money in all kinds of ways. At least in New York you can. Everything from snatching purses, to dealing in stolen goods, to engaging in prostitution.

We made an estimate that there were a quarter of a million people supporting themselves on the irregular economy. Decisions in the policy arena require that one get some view of that, and then factors in what that really means. Looking at jobs alone without looking at income and its alternative sources is not completely adequate.

Senator NELSON. How many of these people, for example, in fact, have some income, working for an employer, the worker does not want to pay income tax, the employer does not want to pay unemployment or any social security, and it is a low level job, but they are working. There certainly are lots of those, are there not?

Dr. GINZBERG. I would say without any ability to prove it, on the stuff that I know about New York, it is almost impossible to conceive of a woman with a couple of youngsters on welfare who will not try to earn a few dollars. I would argue that there are very few people who do not work a little bit or a lot, no matter what their income transfer is.

When you go to a country like Italy, you can find places where half the economy is not being reported at all. That is at the extreme.

Our Commission plans to look at the question of immigration and the labor market, and I suspect that is going to be one of the critical dimensions. The higher the taxes, the more the incentive for both individuals and marginal employers to try to avoid them. I would say we are reaching a tax level which I suspect is leading to a considerable escape from accounting. How big it is, I do not pretend to know. I have my own rough estimates.

We estimate that in the United States about $200 billion of income transfer money——

Senator NELSON. You are talking social security?

Dr. GINZBERG. Right, medicaid, the like, $200 billion.

My own estimate is that the income that does not get reported is another $200 billion. That just suggests the magnitude of the illegal and illicit stuff. Professor Becker at the University of Chicago—he is a cautious statistician—he uses a minimum figure of 6 percent of the gross national product.

Senator NELSON. You are including in that people who may be doing work, perfectly honest work, but nothing is being reported?

Dr. GINZBERG. Absolutely.

As a matter of fact, as the President's welfare proposal suggests, we are likely to get some very interesting learning out of these new experiments because it presumes that people on welfare are not at work. We may find that they are at work. They may be a major part of a secondary labor market.

I know from talking to taxi drivers in New York that there are all kinds of work patterns. People on unemployment, welfare, food stamps, I do not know what their work patterns are but I would suspect that many adults are working out new options, given their access to income and the overall interest in different types of work.

That does not mean I am minimizing the fact there are millions of people who need a job.

Senator NELSON. Thank you very much, Dr. Ginzberg. We appreciate your taking time to testify.

We may want, after all the testimony is in, some comments to resolve some issues that may be raised between now and the conclusion.

Dr. GINZBERG. We have two major reports coming to you, one in March on PSE, and the "third annual report" transmitted in April. In addition, I am at your disposal at any time.

Senator NELSON. I would submit the testimony of Isabel V. Sawhill, Director, National Commission for Manpower Policy, before the U.S. House of Representatives, Committee on the Budget, February 8, 1978, for inclusion in the record.

[The summary remarks of Dr. Ginzberg and statement of Ms. Sawhill follow:]

SUMMARY OF REMARKS

Eli Ginzberg
Professor of Economics, Columbia University
Chairman, National Commission for Manpower Policy

1. PSE should be viewed primarily as a program to assist the severely disadvantaged to improve their employability. It has at most limited value as a counter cyclical device.

2. No change should be made in the present level of funding of $725,000 until more evidence is on hand about its effectiveness, especially in helping people get regular jobs in the private or public sector.

3. The policy to limit enrollment to 12 to 18 months is sound. Without a set termination many people might try to stay on PSE permanently.

4. Wages on PSE should be set above the minimum of income transfer funds, such as U.I. benefits, but not so high as prevailing wages which would inhibit movement off. Care should be taken to avoid paying workers who do the same work differently.

5. The CBO project approach appears to be increasing the number of minorities on PSE but there is no evidence yet available that the proportion of seriously disadvantaged has been increased.

6. Congress should stipulate that it must receive more effective reports about the performance of all CETA programs. The management information system is conspicuously deficient.

7. The Brookings Report to the National Commission for Manpower Policy disclosed relatively low rates of job displacement (20 percent) and fiscal substitution (15 percent). These figures are much below previous estimates and the expansion of the project approach should result in further reducing them.

8. Forward funding of PSE is desirable for strengthening planning and operations but one must anticipate that it will lead to more job displacement down the road.

9. A new effort to engage the private sector more actively in absorbing the hard to employ is sound but the difficulties of so doing should not be minimized. A major challenge is to get medium and smaller employers to participate.

10. The technical assistance program under CETA has been implemented only partially and gains could be made by strengthening it.

11. The major challenge of PSE is to tighten targetting at the same time that more emphasis is placed on successful transition. The accomplishment of these two goals will not be easy.

TESTIMONY OF ISABEL V. SAWHILL,
DIRECTOR, NATIONAL COMMISSION FOR MANPOWER POLICY

BEFORE THE U. S. HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET

February 8, 1978

TESTIMONY BEFORE THE
U. S. HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET

February 8, 1978

Mr. Chairman and Members of the Committee:

I am pleased to be here and appreciate the opportunity to discuss the future of public service employment programs with this Committee. The National Commission for Manpower Policy currently has underway a major study of public service employment. It will be sending a report of its findings together with a set of recommendations to the Congress in March. My remarks today are very much influenced by what we have learned from our study thus far. However, I want to emphasize that not all of the evidence is yet available and that the Commission, chaired by Dr. Eli Ginzberg and comprised of 16 other distinguished federal and nonfederal members, has not yet had an opportunity to review the evidence or formulate its own opinions and recommendations.

As you know, public service employment has been the fastest growing component of our employment and training programs. It is estimated that it will cost $5.7 billion and account for 44 percent of total employment and training outlays during FY 1978. The program was made the centerpiece of the Administration's fiscal stimulus package last May, and has doubled in size since that time.
There is talk of doubling or even tripling it once more in

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connection with the Administration's welfare and urban policy proposals or in the context of providing sufficient employment opportunities under the Humphrey-Hawkins full employment bill. For these reasons, I think it is imperative that we take a closer look at what it can and cannot accomplish.

Any assessment of PSE must begin, I think, with a clarification of what it is that we expect it to accomplish. Part of its current appeal is that it has been sold as a program which can achieve a multiplicity of objectives including higher overall levels of employment, a targeting of employment opportunities on distressed areas and disadvantaged groups, the provision of needed public services, and some fiscal relief for local government. If one really believed that PSE could simultaneously accomplish all of the above, then one would probably want to vote to expand the program. But let me suggest where and why PSE may have been oversold as the best response to each of the above problems and why the simultaneous pursuit of too many objectives may dilute the effectiveness of the program in any one area.

1. Increased employment. One of the alleged benefits of a PSE program is its ability to create more jobs per dollar of federal deficit than other alternatives such as tax cuts or increases in government expenditures. The first round of expenditures for PSE is more labor intensive than most other types of federal expenditures and more fully spent than the

proceeds from a tax cut. Thus, it is argued that funds are not diverted (at least not initially) into capital expenditures, into savings, into rising prices for existing goods or inflationary wage gains for already employed workers. Rather they are targeted directly on the unemployed.

However, the alleged benefits of this targeting are realized only to the extent that the federal dollars are used by the local governments which receive them to hire more people than would have been hired in the absence of the program. If there is simply a substitution of federal dollars for local payrolls, then the employment creating effects are very similar to what one would get from general revenue sharing or other macro measures such as federal tax cuts. The hypothetical process by which local governments may use PSE funds to underwrite their own personnel budgets and then inject the released local revenues into the spending stream is illustrated in Figure 1. The process is generally referred to as fiscal substitution.

There are three types of evidence about fiscal substitution. The first type--which only barely deserves to be called "evidence"--is newspaper stories about municipalities which have deliberately laid off workers only to rehire them with CETA funds or which have transferred existing positions to PSE financing. It should be noted that this type of substitution is only the most obvious and easily controllable form, and as such, probably represents the tip of the iceberg. Much more difficult to detect is the gradual replacement of federal for

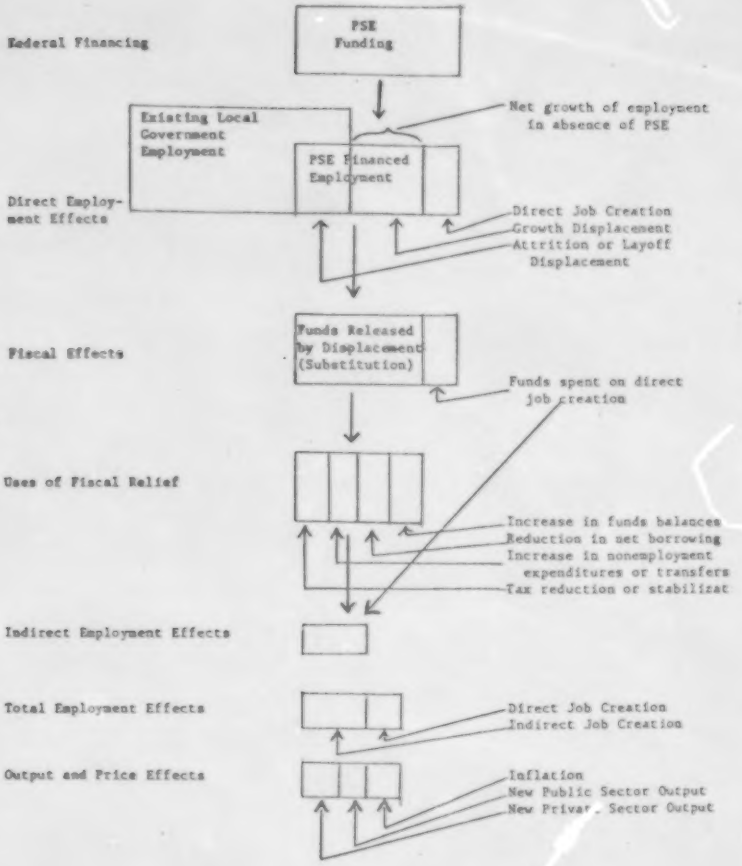
local funds which occurs over time as employee turnover or attrition occurs and as a local jurisdiction expands its employment base. Almost everyone who has studied the problem agrees that these subtler forms of substitution are likely to increase as local governments adapt their budgets to the availability of federal funds.

A second type of evidence comes from the economics literature. These econometric studies have attempted to build models which project what state and local employment levels would be in the absence of PSE so that the net employment effects of PSE can be ascertained. However, economists have not been able to agree among themselves on what variables should go into the projection models and even small variations in their models produce very large differences in the estimates of fiscal substitution. Thus, existing estimates of substitution literally range from about 30 to 100 percent after one year. In a recent review of this literature for the Commission, Professors Daniel S. Hamermesh and Michael E. Borus conclude that the science of making such estimates is still in its infancy and that pending improvements in data and methodology, existing estimates cannot be used as a basis for policy.

A third type of evidence on substitution can be derived from systematic monitoring of the behavior of local officials and of local program operations by trained observers in the field. The Commission currently has such a study underway. The survey is being conducted by the Brookings Institution,

Figure 1

THE NET EMPLOYMENT EFFECTS OF PSE



under the direction of Dr. Richard Nathan. We are expecting to receive a preliminary report from them in about a week and will be happy to make the information available to this Committee. As with other types of evidence, however, this approach also has its limitations. It is based on the judgments of those in the field about what does and does not represent substitution--judgments which could well be in error since they rest on informed guesses about how many jobs would have been filled, even in the absence of the program, vs. how many represent a program-induced creation of new positions. Also, this evidence will be based on field observations taken in July, 1977 when the current PSE build-up was still in its infancy and will not tell us very much about what happens as local governments adjust to the availability of federal funds over time. However, continued monitoring by Dr. Nathan and his associates should shed additional light on this issue.

Although we do not yet have--and may never have--highly reliable evidence on the substitution question, I think it is important to clearly understand its implications for policy. I also want to suggest that the issue may have been given more attention than it deserves. First, even if there is 100 percent substitution of federal for local funds, PSE creates at least as much employment stimulus as general revenue sharing. It has effects similar to other macroeconomic measures, assuming that there is not a substantial diversion of the money into idle fund balances at the local level. I would point out in

this latter connection, that there was an $11 billion increase in state and local government surpluses during the last year with a particularly large increase in the third quarter of 1977 concurrent with the build-up of PSE funding under the economic stimulus package. Second, there is no trick to creating all the jobs we need via traditional macroeconomic measures if one is willing to accept the deficits which may have to be incurred for this purpose. Such deficits are certainly a political but not necessarily an economic liability. PSE has been sold as a means of holding down these deficits, and it is probably true that in the absence of substantial substitution, it leads to more jobs per dollar spent than the alternatives. Third, the major economic dilemma we face is how to create jobs without simultaneously creating inflation. When there is a lot of slack in the economy, there is little basis for fearing inflation and unemployment is an inefficient and inhumane solution, in any case. But assuming that the dilemma is a real one, and I believe it is in a high-employment economy, we need to ask whether PSE will be less inflationary than tax cuts or increased government spending. It is true that a carefully targeted PSE program may be less inflationary than the alternatives if those who get the jobs come directly from the ranks of the unemployed and are assumed to exert less bargaining power over wages than more advantaged workers whose skills may already be in high demand. This latter benefit

will only be realized, by the way, if wages for PSE workers are kept low so as to minimize the possibility that there will be a competitive bidding up of wages in the regular labor market. It is also true that inflation in the public sector is less visible than inflation in the private sector because of the way we value government output (i.e., at the cost of producing it). But if attention is not paid to the wages and productivity of government employees the implicit inflation involved will show up in a declining ratio of real services received to taxes paid and increasing citizen complaints about the size and cost of government. My fourth point is that efforts to reduce substitution by insisting that PSE workers be put in special projects and not in mainline government activities has the perverse effect of reducing the speed with which such people can be hired and the value of the community services which they can provide. A fifth point is that PSE is probably a less flexible countercyclical tool than tax cuts. It is easy enough to turn on the PSE spigot during a recession; it is far more difficult to turn it off during a recovery especially if local governments have become dependent on federal dollars for essential services. Tax rates, on the other hand, tend to rise automatically during recovery as money incomes rise, automatically pushing people into higher tax brackets.

To summarize what has been said thus far, whether there is a lot or a little substitution, I believe the main political attraction of PSE as a countercyclical tool is that it allows

jobs to be created in a highly visible manner and not because it is significantly more effective than general tax cuts or expenditure increases in reducing cyclical unemployment. In short, ~~If~~ I were to vote for expanding PSE, it would probably not be on the grounds that it is a particularly effective way to increase the total number of jobs in the economy but rather because it serves some other purposes to which I now turn.

2. Targeting employment opportunities on people and places in need. Given the uneven distribution of unemployment between different groups and different areas, it is probably essential to supplement macroeconomic policies with more selective measures. Even in a high employment economy, there will be some individuals who because of personal or social handicaps, discrimination, or residence in a depressed area will have difficulty in finding work. A carefully structured PSE program could help to meet their immediate needs for both work and income. As noted previously, selective measures may also buy some limited insurance against inflation. To achieve these objectives, however, requires a careful targeting of resources on those most in need. At present, there is a tendency to allocate funds broadly rather than narrowly since no group or area wants to be slighted. As an example, let me take the eligibility requirements for CETA-PSE. Under current rules, there would have been approximately 15 million individuals in 1976 who were eligible for participation in the program. With a total of 725,000 slots available, even assuming a high rate of turnover, the local program operators have great discretion in deciding whom to serve. Some evidence on the kinds of decisions that are being made can be derived from data on the characteristics of current participants. These data are arrayed in Table 1 and indicate that most participants are white, male, between 22 and 54 years of age, and with 12 or more years of education. Minorities have been employed in the PSE program in a greater proportion than their representation among

the general unemployed population. Women have not had the same experience. An initial reading of the limited data available is that PSE participants are more employable than the unemployed population in general. However there does appear to have been some shift toward serving the more disadvantaged just recently. During the fourth quarter of 1977, total enrollment in Title VI increased by 55 percent, but the enrollment of economically disadvantaged persons increased by 82 percent.

Table 1

COMPARISON OF PARTICIPANTS IN CETA
TITLES II AND VI WITH THE UNEMPLOYED

Characteristics	Current Enrollment (September 30, 1977) Title II	Current Enrollment (September 30, 1977) Title VI	Total U. S. Unemployment (September, 1977)
Sex			
Male	56.0	63.3	50.8
Female	44.0	36.7	49.2
Age			
Under 22 years	22.2	19.1	38.0
22-54 years	71.9	74.8	54.2
55 years and over	5.9	6.1	7.9
Education			
8 years and fewer	6.4	8.5	10.1[a/]
9-11 years	14.0	18.8	15.8
12 years and over	79.6	72.7	50.8
Race			
White	70.4[b/]	64.8[b/]	77.9
Black and other	28.3	33.7	22.1
Spanish American	7.6	8.6	6.5
Receiving Cash Public Assistance	16.6	19.6	12.0

a/ Does not add to 100 percent because those under age 20 are excluded.

b/ Does not add to 100 percent because some information was reported as unavailable.

SOURCES: Quarterly CETA data provided by the Employment and Training Administration, U. S. Department of Labor. Unemployment data for September 1977 from Bureau of Labor Statistics, U. S. Department of Labor. "Job Search of the Unemployed, May 1976," Cal Rosenfeld; Monthly Labor Review; Bureau of Labor Statistics, U. S. Department of Labor, November 1977.

Even with better targeting, the question must be asked whether PSE can be continually expanded without creating a caste-like system in which the public sector becomes a kind of warehouse for the hard-to-employ. Currently, people are not moving out of PSE jobs into regular public or private jobs at a very rapid rate.

Out of a total enrollment of 1,368,100 in Titles II and VI during fiscal year 1977, there were a total of 422,300 terminations. In other words, program turnover was less than one-third.

The program data for fiscal year 1977 also indicate that slightly more than 100,000 of the participants in Titles II and VI were placed in unsubsidized employment when they left the program. After making adjustment for some reporting problems,we have estimated that about one in every three program terminees is obtaining an unsubsidized job when they leave the PSE program.

Still another important question is what happens to PSE participants over the longer run. Does their experience in a public sector job increase their future earnings or employability? Existing studies provide meager information on this question but what evidence there is does not show that subsidized public employment improves post-program employment and earnings prospects for participants. Where such gains are observed it is often because the program is selective of better qualified or more motivated people and

because their earnings improve for reasons unrelated to the program. This does not mean that a carefully designed program--with sufficient resources devoted to training and supervision--could not produce such gains. Nor should it undercut the immediate value of work and income to the unemployed. And finally, if in the process of purchasing jobs for needy people, the community also reaps some return in the form of the goods and services they produce, then this is an added reason for being in favor of PSE. It is the value of this additional public sector output to which I now turn.

3. Providing "needed" public services. If the choice is between regular public or private sector output on the one hand and "leaf-raking schemes" on the other, then clearly the first is preferred. This also means that, whenever possible, it is better to expand employment by cutting taxes or increasing expenditures for important national needs rather than to rely on PSE where the priority objective is to create jobs and (rhetoric aside) the value of output produced is pretty much a secondary consideration. However, if the choice is between "leaf-raking schemes," on the one hand, and being unemployed and producing nothing on the other, then the "leaf-raking" schemes generally win out. This conclusion is reinforced if (1) "the leaf-raking schemes" are high up on the list of currently unmet social needs and (2) the wage and other costs of PSE workers are partially offset by reduced transfer payments and higher taxes for these workers.

There is little (if any) hard evidence on the output of those individuals who are employed under CETA PSE. We have heard much that would indicate that the program has resulted in an increase in and extension of the services provided by state and local governments and community organizations. Based on what we can observe--and this has been reinforced in our discussions around the country--PSE has resulted in increased public works and transportation activities at the state and local level. It has increased the maintenance and expansion of public recreational facilities. And it has increased needed social services.

Whether the value of these services equalled the net wages of the participants is impossible to say at this point. However, we do know that in 1976, the average state and local employee engaged in non-educational activities was paid slightly less than $11,700. The average wage for a PSE worker was in the $7,800 range. About 30 percent of all PSE participants received public assistance or unemployment insurance prior to their enrollment in the program. The amount of benefits paid to each of these individuals would vary for a number of reasons. To take a typical case, in 1975 a family of four in Illinois that received AFDC, food stamps and medicaid would have had transfer payments totalling approximately $6,300. A PSE job would have cost about $8,000 (including administrative costs)--and they would have returned some of that in the taxes they would have paid.

What all of this suggests, I think, is that PSE is best conceived of as a relatively small-scale program for disadvantaged people who, in the absence of the program, would not be able to find work even in a strong economy and would be dependent on some kind of income assistance. This could include using PSE as a mechanism for guaranteeing minimum-wage jobs to unemployed welfare recipients, although no one really knows whether this is economically or administratively feasible or what to do about the dual wage structure which such a program would entail.

Finally, if one wishes to maintain a greater balance between unmet public and unmet private needs, while still targeting assistance on the disadvantaged, then more consideration should be given to providing subsidized employment--perhaps at less than 100 percent--in both the public and private sectors.

4. Fiscal relief for local government. Ironically enough, the greater the amount of job displacement and fiscal substitution in PSE programs, the greater the fiscal relief and the more likely it is that the output produced will mirror that which is normally produced in the public and private sectors (the mix depending on how the released funds are spent). In the case of 100 percent substitution, the program is the equivalent of general revenue sharing with some hiring strings attached. If these rules about who can be hired lead to a change in the composition of state and local government employment, then the structural objectives of the program may well be achieved and aggregate employment

objectives can be left to macroeconomic policy. However, this assumes (1) that targeting can be made effective; (2) that changes in the composition of employment will not be resisted by municipal unions; and (3) that the structural objectives are not frustrated by a compensating tilt toward the hiring of more skilled workers or a relaxation of affirmative action programs in unsubsidized positions.

In conclusion, I have indicated:

--That PSE is not the preferred way to achieve counter-cyclical objectives.

--That, in principle, it can be carefully targeted to achieve structural objectives, including the objective of providing guaranteed jobs to those currently on welfare.

--That achievement of these structural objectives is not inconsistent with providing fiscal relief to the states and localities and additional private and public output with minimal inflationary pressure.

--That some issues which still need to be resolved include the impact of the above on public sector wage structures, the appropriate balance between public and private wage subsidies, and the extent to which people can be moved from subsidized to unsubsidized jobs over time.

This concludes my testimony. I would be happy to answer any questions.

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Senator NELSON. The next meeting, in Washington, will be in this room on March 1, 9 a.m.

[Whereupon, at 11:43 a.m., the subcommittee recessed, to reconvene at 9 a.m. Wednesday, March 1, 1978.]

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

SATURDAY, FEBRUARY 25, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR OF THE
COMMITTEE ON HUMAN RESOURCES,
Madison, Wis.

The subcommittee met, pursuant to notice, at 9 a.m. in room 113 south of the State capitol, Madison, Wis., Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Senator NELSON. The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor is in Madison today to receive testimony from a broad cross section of individuals and groups, including public officials, manpower experts, labor unions, and representatives of business and community-based organizations on the Comprehensive Employment and Training Act of 1973.

I will simply have my statement, which has been released, printed in full in the record in order to economize on the time because we have a substantial number of witnesses. This morning, because of the number of witnesses we have, I will have to hold everybody to the time limitation of 15 minutes maximum. If you would have your prepared statements ready to be submitted for the record, it will be printed in full in the hearing record.

OPENING STATEMENT OF SENATOR NELSON

The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor is in Madison today to receive testimony from a broad cross section of individuals and groups including public officials, manpower experts, labor unions, and representatives of business and community-based organizations on the Comprehensive Employment and Training Act of 1973 (CETA).

The subcommittee has legislative jurisdiction in the Senate for the CETA programs. Right now, there are several bills pending before the subcommittee to revise and reauthorize the programs operating under CETA. I introduced legislation on behalf of the Carter administration last Thursday, and this bill would provide for a 4-year reauthorization of the CETA programs while also making a number of substantive changes in the current law.

The administration's bill is a step in the right direction because it will help prevent CETA funds from being used in ways that distort the objectives of the legislation. The CETA programs are a vital link in this Nation's efforts to provide economically disadvantaged

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unemployed and underemployed individuals with employment opportunities. While most prime sponsors who are responsible at the local level for administering the programs have done a very good job of applying the Federal money that is allocated to them, many others have failed to do so. Numerous complaints I have received suggest that CETA funds are being used to replace local revenues to hire personnel, and this kind of fiscal substitution must be stopped wherever it occurs.

The administration's bill and the other bills pending before the subcommittee will be thoroughly examined by the subcommittee to insure that the legislation that is ultimately adopted is responsive to those individuals who are most in need of assistance and is not used as just another form of revenue sharing.

By May 15 the Senate Human Resources Committee will report a bill to the full Senate reauthorizing CETA. The exact language that will be included in the legislation will reflect to a great extent the comments and suggestions received today and in other hearings being held by the subcommittee in Washington during the next several weeks.

The various programs authorized by CETA, and the Federal funding provided under them, have become an important source of revenue for State and local governments throughout the United States. In Wisconsin, for example, almost $173 million will be spent by State and local governments to provide employment and training services, as well as public service jobs, during fiscal year 1978. This level of expenditure represents a 95-percent increase over the previous fiscal year's CETA funding level of $89 million.

The economic stimulus package enacted by Congress last year to help reduce high unemployment and the passage of the youth employment and demonstration projects legislation, which targets funds on unemployed youth, explains the funding increase between fiscal years 1977 and 1978.

But even with this vast expenditure of dollars and other job-creating initiatives, an unacceptably high rate of unemployment remains one of the most troubling problems facing this country. Six percent of this Nation's labor force—over 6 million people—is officially counted as unemployed by the Bureau of Labor Statistics. This rate and the number of people it represents increases when the number of individuals who have given up looking for a job and who therefore are not counted in the official tally are taken into account. Moreover, the national unemployment rate disguises the structural unemployment problems of certain segments of the labor force such as youth, minorities, women, and older workers, among whom unemployment can run as high as 50 percent.

In Wisconsin, our employment situation is more promising than the national picture. According to the most recent statistics available from the Wisconsin Department of Industry, Labor, and Human Relations, the total number of Wisconsin residents who were unemployed totaled 111,217. This represents an unemployment rate of 4.9 percent. Even with this relatively low figure, however, there remains a severe unemployment problem in certain geographical areas of the State and among certain segments of the labor force.

These statistics indicate a failure of our economy to provide sufficient job opportunities to individuals who are willing and able to work,

who want to work, but who cannot find meaningful employment. This failure robs our Nation of billions of dollars every year in lost productivity; it causes an increase in welfare, food stamp, health and unemployment insurance expenditures; and, it creates havoc in families and a loss of confidence in our public and private institutions. In strictly economic terms, unemployment is extremely costly. The Library of Congress has estimated that for each 1 percent of national unemployment, some $16 billion is lost either by decreased tax revenues or by increased Federal spending to alleviate the problems associated with unemployment.

One employment problem I'm particularly concerned about is the high rate of unemployment among teenagers—especially minority teenagers. There is a growing cadre of young people through this country, in major metropolitan areas as well as in small towns and rural areas, who have never held a job in their lifetimes. This failure prevents our young people from developing job skills and work habits they will need to become self-sufficient. This problem won't go away even as our economy improves, and it needs to be closely monitored by Congress and the American people.

The Comprehensive Employment and Training Act, better known as CETA, represents a significant portion of our national effort to provide employment and training opportunities to young people and others who cannot find them on their own. CETA authorizes a variety of employment and training programs to assist economically disadvantaged, unemployed, and underemployed individuals increase their skills and job opportunities. Programs authorized under CETA now include:

1. A program of financial assistance to States and certain local governments to plan and operate comprehensive employment and training programs;

2. Public service employment to provide communities with public service that would otherwise not be available;

3. Youth employment programs including the Job Corps, a year-round Young Adult Conservation Corps, and special youth demonstration initiatives; and

4. Special national programs focused on employment and training for specific segments of the labor force which include migrant and native American programs among others.

The bulk of these programs are operated by prime sponsors. Prime sponsors include the State, units or combinations of units of local government which have a population of 100,000 or more, and other program agents which serve native American, migrant, and other groups or areas which are specially designated under the legislation. Prime sponsors directly employ CETA participants, but they also are directed and authorized to subcontract with other nonprofit community-based organizations such as Community Action programs, OIC, Urban League, SER, and the Mainstream older worker programs.

At present, there are over 430 prime sponsors nationwide. In Wisconsin, there are nine prime sponsors that are units or combinations of units of general local government; the State also is designated as a prime sponsor to serve in those areas not covered by other prime sponsors.

These 10 prime sponsors will provide employment and training services to a total of over 65,000 different individuals during fiscal year 1978. These services include classroom training, work experience, on-the-job training and public service jobs. Some 5,500 youth will receive some form of assistance under the CETA youth programs, while some 16,000 in-school disadvantaged youth will be served in a summer youth work experience program.

The subcommittee sincerely appreciates the time and effort that each of the witnesses has taken to be here today to share their experiences and knowledge on the related issues of employment and the CETA programs.

We had our first hearings on the new authorization and the new proposal of the administration 2 days ago in Washington. We'll resume those hearings next week. Our interest here is in getting testimony on how the program is working, what suggestions those of you who are involved in it have for improving the program.

Our first witness this morning is Mr. Zel Rice, Secretary, Department of Industry, Labor, and Human Relations, accompanied by Stan Spencer, Assistant Administrator for Job Service, Wisconsin Employment Service; and Mr. Ed Kehl, Acting Administrator, Division of Manpower Services. Mr. Rice?

STATEMENT OF ZEL RICE, SECRETARY, DEPARTMENT OF INDUSTRY, LABOR, AND HUMAN RELATIONS, ACCOMPANIED BY STAN SPENCER, ASSISTANT ADMINISTRATOR FOR JOB SERVICE, WISCONSIN EMPLOYMENT SERVICE; AND ED KEHL, ACTING ADMINISTRATOR, DIVISION OF MANPOWER SERVICES

Mr. RICE. Thank you, Senator. Good morning. I would like to begin my remarks by commending Congress and the administration for an apparent willingness to reexamine the Comprehensive Employment and Training Act.

Senator NELSON. Would you pull that microphone over so that everybody can hear?

Mr. RICE. We recognize how frustrating and time-consuming it is to consider major revisions to a piece of legislation.

Senator NELSON. Do you have extra copies of your testimony?

Mr. RICE. No, I don't.

Those of us who are working with the CETA programs appreciate the effort being made, and we are ready to help you, Senator Nelson, in any way we can.

As Secretary of the Department of Industry, Labor, and Human Relations—now administering the balance of State CETA programs—I would like to tell you what we like about CETA, and outline some of the revisions we would like to see.

In 1973 we thought it was a good idea to shift the administration of employment and training programs from the Federal level to the State, county, and local level. We witnessed the creation of a program that local governments could design and administer— creatively and responsively. In the 4 years since CETA was enacted, we have experienced a gradual, yet persistent, return to Federal control. We have seen Congress add categorical program after categorical program to the

legislation, and we have seen Federal regulations grow—from a succinct document and related training materials, to volumes of regulations; hundreds of piecemeal, regional instructions; absurd, weekly reporting requirements; and grant-application forms that have tripled our paperwork.

I suggest to you, Senator Nelson, that this Federal control—admittedly responsive to legitimate congressional concerns—has been more damaging to CETA programs than helpful, and demonstrates an inability on the part of the Labor Department to adjust to the nature of a decentralized program. As you have heard before, and will probably hear again today, a regulatory role for the Labor Department stifles State and local responsiveness to meeting their own needs. We think this problem can be addressed through legislative change.

Another problem we face as the State prime sponsor is the ambiguity of CETA in giving the State responsibility as a prime sponsor, and also giving the State larger coordination responsibilities—implying that the two should somehow be related. As you know Wisconsin's Governor Schreiber recently directed that these two functions be administratively separated. We think the legislation should also make clear the distinctions between these two functions.

As a prime sponsor, my department has a responsibility to design and administer employment and training programs for 49 counties. We share with other Wisconsin prime sponsors a concern that the residents of our area receive the best services we can deliver. We all work with agencies whose jurisdictions do not conform to the prime sponsor jurisdictions, and we all work with people who want jobs and employment services outside our areas. We need to work together cooperatively. We need a statewide plan that identifies specific ways that we can all work together for better service to our own area residents.

Here are my specific recommendations:

1. Clarify the distinctions between the roles of the Governor as a prime sponsor, and as a coordinator of statewide employment and training services. Give the Governor responsibility to develop a statewide plan that can recommend ways for prime sponsors to work together. Give the Labor Department specific direction to recognize the importance of a statewide plan, and to recognize the importance of prime sponsors working together. The Labor Department should consider the State plan both when they review prime sponsor plans and when they assess performance.

2. Give prime sponsors the incentives to participate in a statewide plan. Allow the Governors to design the incentives as they now do with 4 percent discretionary money, but decategorize the discretionary money, so Governors have greater resources and flexibility to encourage participation in the plan. The current categorical pots of money are based on an arbitrary, nationwide division of funds, and do not allow individual States to adjust resources to best meet their own needs.

3. We urge you, as soon as possible, to decategorize the youth programs. We understand that the four different programs were intended to demonstrate different ways of solving youth unemployment problems. We trust that this categorical approach will not continue beyond a reasonable demonstration period.

4. We urge you to decategorize the title III programs for offenders, older workers, persons with limited English-speaking ability, and veterans. We urge you to resist attempts to create new categories for the handicapped and displaced homemakers. These programs needlessly duplicate services that prime sponsors can, and in many cases, are already providing under title I.

5. We are opposed to the presumption on the part of Congress or the Department of Labor that any single agency (like the Employment Service or the vocational education schools) be exclusively responsible for providing an employment and training service. We believe that the selection of agencies should be the prerogative of the prime sponsors.

6. We are optimistic that suggested plans to fund CETA on a 1-year advance basis will be adopted. We urge you, Senator Nelson, to continue to support this position. We are continually in a position of telling our subgrantees that "we expect the money to come, but we can't make any promises." We're not supposed to carry any money over into the next fiscal year, but if Congress is late in the appropriations, and we have spent all our money, we would have to terminate service to our enrollees. We would desperately like to begin 2- and 3-year planning. The advance funding process would allow us to do this.

7. We support efforts to consolidate programs that provide training and employability development (now under title I) with programs that provide transitional public employment (now under title II). We agree that these programs address problems defined as "structural"—and we agree that structural problems and programs are different from unemployment problems defined as "cyclical".

We support funding for countercyclical programs linked to unemployment rates, and we ask that funding for structural programs be flexible enough to change when inflation erodes the amount of services we can provide.

In conclusion, I believe that the decentralized, decategorized employment and training system—where we have had flexibility to use it—has provided better programs and better service to Wisconsin residents than the earlier, federally administered programs. I recommend that Congress continue to consider changes in the legislation, and resist the temptation to merely extend the current act. I recommend the re-enactment of CETA with a new commitment to reducing Federal administrative overhead. I recommend that when—not if—when Congress defines the appropriate roles for the Labor Department, the State planning unit, the State prime sponsor, and the local prime sponsors, and when Congress makes technical changes, simplicity be your primary guideline.

The committee staff has requested that we respond to some specific legislative proposals pending, including the California amendments. We have filed our written comments with you. Should you have any questions regarding them or other operational matters, Ed Kehl, acting administrator of our Manpower Services Division, and Stan Spencer, assistant administrator of our Job Service Division are here with me and will gladly respond to any questions you may have.

Senator NELSON. Thank you, Mr. Rice. We will have the Labor Department to testify again when all the witness have been heard here and in Washington. We will request that they respond to specific

criticisms of the program. If it's possible for you to submit to us specific examples of rules and regulations and paperwork that you consider unnecessary and burdensome, we would like to have them for the record. We would like to then request that the Labor Department comment on them.

I was involved in leading the fight to get these programs out of Washington and decategorize them and turn the responsibility over to the States and prime sponsors. It took us some time to succeed. I do not want to see the Federal Government again getting back into it with a lot of paperwork and regulations that are intended to improve the administration of the law, but in fact finds itself complicating the services and being wasteful. So, if you could get your statement to us in the next week or so, just specific statements of delineating the specific areas that seem to you to be unnecessary.

I didn't know they were requiring weekly reports. They might as well make them daily or hourly.

Okay, if you'd get that material to us in the next week, Mr. Rice, we'd appreciate it very much.

Mr. RICE. We'll do that, Senator. Thank you.

Senator NELSON. Thank you.

[The material requested follows:]

State of Wisconsin \ Department of Industry, Labor and Human Relations

OFFICE OF THE SECRETARY

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201 E. Washington Avenue
P.O. Box 7946
Madison, Wisconsin 53707
Telephone 608/266-7552

March 3, 1978

The Honorable Gaylord A. Nelson
221 Russell Senate Office Building
Washington, DC 20510

Dear Senator Nelson:

I am sending to you, at your request, a list of specific problems that we have had with Department of Labor requirements under the Comprehensive Employment and Training Act. This list will supplement my remarks to your CETA Hearing on February 25, 1978, in Madison, Wisconsin.

We believe that DOL requirements are probably designed with smaller, urban Prime Sponsors in mind. They often seemingly ignore the costs involved in operating and modifying a State Prime Sponsor network. These costs (in time and money) reduce our ability to deliver quality services to CETA enrollees.

I have confined my comments to those problems which, here in Wisconsin, are particularly acute for my Department as the Balance of State Prime Sponsor.

1. Balance of State Wisconsin continues to phone to the regional DOL office, weekly, a report on participants in public service employment. It is unlikely that this information serves any useful purpose.

2. After the start of FY 1978, we were notified that we were to report "Vietnam-Era Veterans" on our first quarter reports. Forms that we had printed for the new year were instantly obsoleted, and computer reprogramming was necessary.

   This example is typical of reporting changes that occur suddenly and are insensitive to the complexity of a State Prime Sponsor's system.

3. Reporting formats and requirements are also insensitive to the limitations of most of the non-profit agencies who act as our subgrantees. These agencies, for the most part, do not have professional accountants, and CETA administrative cost limitations preclude hiring accountants and other needed professionals. Nevertheless, the Labor Department requires:

   A. Complete separation of costs between activities for agencies that operate more than one CETA activity. This will be particularly burdensome for the three new youth programs--many agencies are operating youth programs under all three categories. These agencies do not have the resources to

perform the complex time-distribution and allocation functions necessary to comply with DOL requirements.

B. That paid-leave (like vacation, illness, military, etc.) be treated as a fringe benefit, and reported separately from wages. This is an unusual payroll accounting requirement. Most systems treat Social Security payments, retirement, health insurance, etc., as fringe benefits, but report paid-leave as wages. It is unreasonable to expect that our subgrantees have the resources to modify their systems to meet this DOL requirement.

4. In a number of instances we have requested technical direction from the Labor Department and have received no useful assistance:

A. We have requested assistance in developing a definition for "nepotism," in developing policy on "program income," and in developing a definition of "capital improvement." For the formers, the answers were of little help; for the latter, we received no reply.

B. On questions of allowable costs (say, for use of consultants) we have been told that we are on our own unless the costs involved are over $100,000. For a small Prime Sponsor, single incidents may be negligible. For us, however, a collection of small incidents can add up to large amounts of money.

5. Invariably, timetables for grant applications--difficult for single-county Primes to meet--are virtually impossible for the State Prime Sponsor to meet. We had six weeks to develop a CETP proposal. We developed our Youth proposals on draft regulations and guesswork, then revised at the last minute. We complied with the region's timetable, the DOL was over two weeks late fulfilling their reponsibilities--postponing the start-up plans of dozens of program operators.

We have had an opportunity to examine the Administration's new legislation that you introduced on February 23. In general, we are very pleased with the changes. Efforts to reduce paperwork, streamline the grant process, pool administrative costs, and simplify eligibility requirements will be a real help.

If there was a way to keep Title I as an Employability Development title, and keep Title VII as an Administrative Provisions title, we might be spared some confusion that will occur during the transition. We are also still concerned that many programs outlined under the new Titles III and VII duplicate services that we can and are currently providing under Title I.

When CETA was first enacted, it was considered by many to be a manpower revenue sharing program. By definition this has resulted in abuses and in enforcement difficulties. The AFL-CIO agrees that the time has come to strengthen CETA and to eliminate -- so far as possible -- misuse of the law. We believe that our proposals, as well as many of the Administration's suggestions, will help transform CETA into a better and more effective piece of legislation.

We look forward to working closely with this Committee in carrying out this important task.

Thank you, Mr. Chairman.

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The Honorable Gaylord A. Nelson
Page Three
March 3, 1978

Despite a few specific objections, the overall intent of the proposed legislation to target the economically disadvantaged, to limit substitution, and to simplify administration is sound. We know the months ahead will be difficult; if we can help in any way, please ask.

Sincerely,

ZEL S. RICE II
SECRETARY

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Senator NELSON. Mr. Steve Ickes, acting director, Governor's Manpower Planning Office. Mr. Ickes?

STATEMENT OF STEVE ICKES, ACTING DIRECTOR, GOVERNOR'S MANPOWER PLANNING OFFICE, WISCONSIN

Mr. ICKES. Good morning, Senator Nelson, Mark, Scott, and Joan. It's a pleasure to be here this morning and to be able to talk about a subject that's of key interest and concern in Wisconsin right now.

CETA has done many things well: (1) There is little doubt in my mind that statistically CETA has positively influenced the unemployment rate in Wisconsin and the Nation; (2) through the creation of "good jobs", Wisconsin, using CETA, has moved unemployed and underemployed individuals into the primary labor market; and (3) that CETA has increased hope in many disadvantaged citizens that they can escape the cycle of unemployment and poverty.

While the fabric of this public law (CETA) embodies what is best in the new federalism (decentralization, block grants, and decategorization), it has also significantly complicated, in Wisconsin and in other States, a longstanding partnership between State and local government and historical employment and training programs at the State level, as a result of decentralizing without providing a mandate for statewide coordination. By Congress not being sensitive to statewide CETA coordination issues those States, like Wisconsin, which pride themselves on shared State and local initiatives and coordination are finding it increasingly difficult to work together cooperatively. These intergovernmental relationships, in the absence of CETA providing a forward looking statewide coordination policy and mandate, are preserved only with great personal energy, a good portion of risk taking and professional skill and commitment to the field.

Senator Nelson, in the spirit of constructive input, I am pleased to have this opportunity to represent the position of the Governor's manpower planning office on the proposed CETA rewrite. Since you will receive input on the full range of CETA experience in Wisconsin, my primary intent is to concentrate on communicating a meaningful and complementary role Governor's office can play in this new CETA legislation. In order to do this I would like to briefly describe the context from which CETA emerged and the complex context within which non-CETA, CETA primes, and Governor's operate, and I suspect, will continue to operate.

The coordination of employment and training services, of which CETA is a large part, has been a major objective of the national and many forward looking State governments for more than a decade. While progress in comprehensive coordination has been made in the last few years, partly as a result of CETA's influence, the systematic nature of the coordination problems have continued to defy easy answers. We have found that simply talking about coordination and the need for client centered comprehensive services is not enough.

Congress has finally begun to realize, especially in Public Law 94–482 (the Vocational Education Amendment of 1976) to recognize that its major employment and training programs need to have a complementary legislative intent. However, for the most part, Congress has not addressed the issue of coordinated service delivery, nor planned

for systematic linkages among major employment and training programs until now. The coordination and linkage problems facing us at the State and local level results from the complexity and variety of independent employment and training programs borne over a number of years that provide overlapping services to overlapping target populations. The programs of the 1960's, which spawned CETA MDTA, OEO, etc., were established alongside already operating programs like vocational education, vocational rehabilitation, WIN, employment service, and adult basic education. With the exception of vocational education, these major public laws do not reflect the desired linkages required to make employment and training a real system.

Conflicting Federal legislation and regulations, different funding and planning cycles, and nonuniform service areas have presented and continue to present major administrative barriers to meaningful coordination. These basic structural problems are a major hindrance to employment and training progress and it is our position that they are a constant frustration to CETA and non-CETA systems.

The passage of the Employment and Training Act of 1973 was, as you know, an attempt to bring some order to employment and training programs. Two basic considerations, still valid, helped shape CETA. First, that a centralized—federally operated employment and training program—limited flexibility at the local level; and, second, that the large number of independent categorical—target and objective specific—programs impeded effective and efficient provision of services. It was expected that CETA's local decisionmaking and employment and training block grant funding would stimulate the development of a comprehensive system to reduce duplication and gaps in services and in great part it has done that. State manpower services councils were, in turn, given an overall responsibility, but not the complementary State level mandate to promote and improve statewide employment and training coordination. The lack of a statewide coordination mandate has made it more difficult for CETA to meet its intent. The role of the Governors has, again, in CETA rewrite, been well defined but inherently compromised and weakened. Sections 105 give the Governors some direct functions and sections 110 give the Governor's State employment and training council some functions, but in neither section is there evidence of congressional sensitivity to give a mandate to coordinate between CETA's parts and between CETA and non-CETA systems.

In order to resolve some of the problems currently facing State and locally elected officials, and employment and training practitioners and planners, a new partnership has to be developed between the local delivery level and State coordination functions. Coordination cannot result from independently designed local plans nor can it be mandated by State and Federal performance standards. It is undeniable that local realities and needs should and will dictate unique delivery systems and structures. However, there is also a need to insure that coordination between primes and between primes and non-CETA employment and training systems occurs. Coordination will be significantly less effective if Governors are kept "silent partners."

In order for Congress' apparent goal of statewide comprehensive service delivery systems to become a working reality, Governors have

to have the ability to facilitate and support, through incentive, local operations—not control them. This partnership should, however, be written as supportive and complementary—it should not reflect State control. Such a mandate needs to exist, for without it, without a supportive role for the Governors, employment and training services will continue to be fragmented and coordination will remain an overused, but empty term.

To what extent will Congress give Governors the mandate to be supportive under those two sections I mentioned? As I have implied, there is little incentive in CETA rewrite for implementation of statewide coordination recommendations, and to the impact and response to a Governor's policy and planning initiatives. The provision of technical assistance and training to prime sponsors is important. The provision of labor market information to prime sponsors is important. What is needed is language giving Governors the ability to achieve statewide coordination and interagency linkages—not review and comment language aimed at looking at performance standards.

My comments up to now have addressed primarily the point of trying to restore what I think is a natural and effective partnership in Wisconsin. I would now like to make my specific comments and observations about rewrite short and to the point.

1. There is a need to strengthen the Governors' ability to support and facilitate local operations especially in section 105. It is suggested that the Department of Labor's acceptance of a local plan be made contingent on the receipt and consideration of a Governor's review and comment. I want to be clear—this review and comment function will be directed at coordination and linkage issues, not performance standards and indicators. This role is Department of Labor's. I would suggest that the Labor Department solicit State and local input in the design of a standard format for the Governor's review and comment.

2 In order to insure a more effective role for Governors in promoting coordination, it is suggested that Governors' special grants be combined in the proposed legislation with a coordination incentive to local primes. If the Governor is to respond to systematic needs, theoretically covering all potential participants, a special grant should provide maximum flexibility. And, if I can digress for a second, the only comment that I would make is that the Governor's 4-percent money, the request for that always exceeds the amount of money that we have in that area.

3. We support further clarification of roles in the clearly demarcated functions in sections 105 and 110. This split establishes the Governor's role as distinct from the Council's.

4. We support the following specific changes contained in the proposed legislation:

A. Single eligibility across titles and the attempt to integrate PSE and training;

B. Restricting PSE average costs; and

C Encouraging all legal attempts to make inroads into the private sector.

5. One point that I made in the written materal that you have that I've now changed my mind about after consultation is the issue of targeting at the highest rate of the number of unemployed. When I went back and read that, I said, boy, somebody's written that or they've hired a lawyer to write that because it's written very carefully.

My suspicion, if I read that correctly, is that that would not be of benefit to Wisconsin. It would be of benefit to the larger northeastern urban areas. It's written targeting at the highest rate of the number of unemployed. I think I would like you to take special note of that.

Senator NELSON. Does that apply nationwide or within a state?

Mr. ICKES. No, I think that is reflective—I think that moves us away from the original intent of CETA which was structural and moves us into a cyclical area and I think it favors the larger urban northeast area with high unemployment rates.

Senator NELSON. You're talking about the language of the new——

Mr. ICKES. The new legislation.

Senator NELSON. Make a note of that.

Mr. ICKES. We recommend greater encouragement of cross-prime sponsor activities. The present prime sponsor designation is workable. However, labor markets cut across and through primes. The need to impact on labor market problems is clearly another area of shared responsibility inherent in the partnership I described.

6. Although we recognize and would be supportive of the need for more effective integration of Wagner-Peyser and CETA activities, we would hope that prime sponsors continue to be given the flexibility to design local systems responsive to local needs.

It is not easy to attempt to create a rational, well-organized employment and training effort—to reduce the problems of unemployment—given the unique context into which manpower programs were born and evolved over many years. However, we believe that a balance can be struck between local deliverers, prime sponsors and the non-CETA system and that within the context of a progressive partnership, that the issues central to each, as well as the advantages of each system, can be preserved best if Governors can support and facilitate local decisions and integrate that with the non-CETA system. This would be a major step toward meeting Congress' original intent, and I thank you very much for the 10 or 15 minutes that I've taken.

Senator NELSON. You took exactly the amount allotted.

Mr. ICKES. Thank you. That doesn't surprise me.

Senator NELSON. You didn't give us anything and we didn't give you anything. Would you give us a memo on your precise interpretation of the language you referred to under item D, page 8, targeting at the highest rate of the number of unemployed. Tell us what you believe the impact would be nationwide in general and on the State of Wisconsin in particular?

Mr. ICKES. I would be glad to.

Senator NELSON. And get it to Mr. Ginsburg?

Mr. ICKES. Yes.

[The material referred to may be found in the files of the subcommittee.]

Senator NELSON. Our next witness is Mr. Paul Guthrie, Director, Office of Intergovernmental Programs, Department of Natural Resources.

Mr. GUTHRIE. Good morning.

Senator NELSON. Good morning. As I stated in the beginning, we have so many witnesses, we can't permit anybody to exceed 15 minutes if we are to hear from everyone, so if this does exceed 15 minutes, you'll have to conclude it and we'll print your whole statement in the record.

STATEMENT OF PAUL GUTHRIE, JR., DIRECTOR, OFFICE OF INTERGOVERNMENTAL PROGRAMS, WISCONSIN DEPARTMENT OF NATURAL RESOURCES

Mr. GUTHRIE. Thank you, Senator. I gave to Scott a number of copies and they're available. It's a great pleasure to be here.

As one whose professional career has grown along with manpower programs from MDTA and the early days of the OEO Act, the first CAMPS Committee, and the development of manpower corporations to current statewide manpower councils and prime sponsors, I have a strong feeling for manpower for the last 15 years. I sort of feel like the current hucksterism which says, "We have come a long way, baby." On the other side of it, however, I think that I'm not convinced that we really have designed a system that is flexible enough yet to act to the great variances in employment need and simple enough to be administered easily.

Having said that, I'd like to talk to you today a little bit about my current responsibilities relative to the YACC program and its current situation. Let me first begin by reaffirming our great support for the program's concept and our intention to use the YACC opportunity to the fullest. We believe that it's upon the public lands of this country where the greatest opportunity lies for meaningful, productive, useful new employment endeavors generated by public agencies. Yet, today with a degree of sadness and with frustration I must say that our experience today has not been good.

There are problems in structure, financing and administration and in my 18 years in public program administration, I have never seen a more confused program.

Senator NELSON. Which one are you specifically——

Mr. GUTHRIE. The YACC, the Young Adult Conservation Corps.

Senator NELSON. Now, that statute went into effect in what month last year?

Mr. GUTHRIE. August.

Senator NELSON. August of last year?

Mr. GUTHRIE. Yes. As a starter, one of the problems of YACC—and this may sound like an echo from all programs—is the funding level. Let me use Wisconsin as an example. We estimate that there are approximately 35,000 people in Wisconsin that would be eligible for enrollment in the program. Yet, in the combination of the State program—initiated under section 806—about 250 people could be served on an annual basis and the Federal segment, maybe 200 to 250 people may be served. So in reality out of a program that could technically service 35,000 people perhaps 350 will be served. And more critically than that, because the largest acreages of public lands are away from the southeastern Wisconsin cities where more than one-half of the potential enrollees are, because residential camp expenses are almost prohibitively expensive when coupled with per enrollee cost limits, few urban people will be served. Nonresidential rural youth programs may be the only way to succeed under the draft regulations that are currently circulating.

Now while times are different and needs are certainly different, the belief that the YACC was the second coming of the CCC is certainly not happening in Wisconsin, and yet we'd certainly like it to. We have

the jobs. We have the work. What we don't have are the fiscal resources.

Now even if our concerns for the lack of Federal investment were alone, this meager effort has been flawed by Federal inaction, ineptitude and Federal agency disinterest.

Mr. Chairman, it is very difficult to phrase these comments so bluntly knowing your great support for youth programs, but it has been a frustration in the last 6 months. Frankly, it is almost as if the Department of the Interior and the Departments of Labor and Agriculture do not want a viable State program to succeed.

The law was signed August 5; the interagency agreement between the three agencies, August 23. The regulations of the Labor Department were published December 6. To this date no further regulations have been issued by the Departments of Agriculture or Interior implementing the delivery of the program.

Further, we should all be aware that a conscious decision was made by both of the two delivering agencies that the Federal program, that their internal program was to be up and fully running before any State grants were to be made and in most cases Federal projects were well on their way with special financing, higher per enrollee costs and additional front-end costs—not to be allowed to the States to implement their program.

On December 5, representatives of the State of Wisconsin met in Denver, Colo., with Agriculture and Interior personnel to begin planning for application. At that session a number of very key issues were raised concerning the program. Representatives of the agencies provided no key information for us for use in application development.

Since December 7, 1977, there has not been one written piece of information concerning this program disseminated to our State agency, and the only information that we have has come about in the form of phone calls that I have made to Washington and in one case when I dropped in to the Department of the Interior unannounced and sat down with the program people.

No questions have been answered, no procedures established and no regulations issued.

In utter frustration, we, as a State, have constructed from first draft regulation pieces and the Department of Labor materials our own format, and we are filing within the next 2 weeks an application without assistance of Federal guidance or guidelines.

As you may imagine, all of this is very disheartening to a State that created a special State entity to handle what it felt to be a major new effort in eliminating unemployment. Our Conservation Work projects Board established by chapter 9, laws of 1977, is restless. Our department, the Department of Natural Resources where I am employed, has potentially thousands of jobs and yet little has happened and no one is now employed in the State program in Wisconsin.

Now, let me be very specific, very briefly on some of the major kinds of issues that are unresolved. One of a special note, section 806(c) clearly states that "thirty percent of the sums appropriated to carry out this title for any fiscal year shall be made available for grants under this section. . . ." The Federal agency on their own initiative has determined to take a 6-percent skim off of the 30-percent program for

their own internal administration and the allotments indicated to the States are based on that 6-percent skim coming off the 30 percent.

We believe that skim is not authorized and that administration by Federal agencies should come out of the 70 percent appropriated. That's $91,000 to the State of Wisconsin. That's 10–12 jobs a year that are being skimmed to Federal agencies in this one State alone.

We have sought without success in receiving definitions, full definitions of what "non-Federal lands" are. This is especially critical. As you know, Mr. Chairman, we have numerous potential projects on long-term leased property, but we have not received any advice other than that we should forget these properties in the first application to "avoid controversy."

A similar question can be raised relative to "eased" lands.

We have projects that—we're going along St. Croix, for example, where we have eased property and that is a major question of definition.

Senator NELSON. Well, those on St. Croix are easements owned by the State?

Mr. GUTHRIE. That's correct.

Senator NELSON. So they own them?

Mr. GUTHRIE. We own them. The question is whether—since it's privately held land, we're asking for a technical definition.

Senator NELSON. Excuse me. It depends upon what we bought. The landowner who pays the taxes on the land may use the land for whatever purpose it was being used at the time the easement was purchased. The State doesn't have any right to build or put any structures on it.

Mr. GUTHRIE. That's correct.

Senator NELSON. So what questions are you raising as to easement lands?

Mr. GUTHRIE. We're raising the question as to the service of the corporation is restricted onto non-Federal public lands. We are asking whether in the case of easement or in the case of long-term leased hunting and fishing ground whether or not conservation work can be done on those properties or must it be only done on fee-held land.

Senator NELSON. You said non-Federal. What about State—you can use State lands, can't you?

Mr. GUTHRIE. State lands, county lands.

Senator NELSON. County lands?

Mr. GUTHRIE. Sure, but we're trying to get the breadth of the definition of that term. That's an example.

With regard to capacity, we have a serious problem with regard to residential. We have been told that our per enrollee cost cannot exceed on an average $9,800. This is a figure reached from the interagency agreement which said $10,500, and then the 6-percent Federal skim was taken off of that to drop the enrollee cost to $9,800.

In nonresidential settings, this is workable but it's tight. In residential settings with no startup cost, it is almost impossible. The net result again will be the inability to get urban people involved in the program because it will depress the amount of residential activity.

Finally, there is a third area which I call the Tinkers to Evers to Chance initiation fee, and that involved what it costs an enrollee on the front end to get into this program and I won't go into the details, but roughly speaking if you look at the requirements for having a

medical examination, the law says that an enrollee must be capable of carrying out the work. The Department of Labor regulations say a physical examination is required which either must be obtained at selectee's expense or be obtained at little or no cost.

The Departments of Agriculture and Interior, when they translated it, said, "Grantees shall . . . require that enrollees pass physical examinations prior to official enrollment. The expenses for the examination will be borne by the prospective enrollee."

Similar transfer occurred under clothing so the final language from the USDA in their draft indicates enrollees shall provide all their own clothing with the exception of certain safety equipment.

Similarly, with regard to transportation, enrollees will be required to pay for their own transportation.

As the net result and when coupled together, medical, clothing, and transportation—and granted there is an ability to deduct from wages—there will be largely no payrolls in the early days of residential enrollees because of the deductions for these three items, plus the deductions for food and board.

Another particular area of great concern is unemployment compensation. We have been seeking—and it is my understanding that it's been in the solicitor's office of the Department of the Interior since December—what the definitions are of section 805 relative to the language which indicates that the enrollees for purposes of unemployment compensation are not to be considered Federal employees.

We emphasize this is not idle curiosity. We estimate that if the costs of unemployment compensation are a sole responsibility of the grantee agency, it could cost for the first 7 months of this program $222,000 of the $1,400,000 allocated to Wisconsin.

Finally, let me go beyond this to say that we're looking at several innovative areas.

Senator NELSON. I want to say on the question of the unemployment compensation, Congress specifically did not intend enrollees who left the program to draw unemployment compensation.

Mr. GUTHRIE. Well, could that be communicated directly to the Departments of the Interior and Agriculture? As of late Thursday afternoon they still would not give me a formal opinion on whether or not we should put that in our budget. Senator, we have been trying for more than 60 days.

Snator NELSON. My understanding is it's not an issue because Congress did not intend it to be.

Mr. GUTHRIE. We were told to budget it and we objected.

Senator NELSON. Well, we'll take that up. It wasn't our intent that unemployment compensation would be involved.

Mr. GUTHRIE. One of the two—let me mention briefly two things that we are doing on a more positive side. I have grumbled enough I think.

No. 1, we're looking very seriously——

Senator NELSON. You've got 1 minute to do it.

Mr. GUTHRIE. Very seriously at small camp sizes and work crew levels, 8 to 10, mixing with CETA enrollee positions in supervisory capacities. We think that this offers the cost effective way to maximize residential enrollees in this program.

Finally, and as I've indicated in my statement, I would urge you to look seriously at the possibility of the designation of one administrative agency and not three to run this program. The competition with Federal agencies for their in-house activities in their efforts on regulations and rules makes it administratively extremely difficult.

Senator, I thank you.

[The prepared statement of Mr. Guthrie follows:]

PREPARED STATEMENT OF PAUL GUTHRIE, JR.

It is with pleasure that I appear today to discuss aspects of the development of the emerging Young Adult Conservation Corps program (YACC) and the reauthorization of the Comprehensive Employment and Training Act.

As one whose professional career has grown along with manpower programs from MDTA and the early days of the OEO Act, the first CAMPS Committee, and the development of manpower corporations to current statewide manpower councils and prime sponsors, I have a strong feeling for the last 15 years. Having served at one time or another with most of these groups, I am inclined to echo a current hucksterism, "We have come a long way, baby". But I believe that there is much that needs to be done. I am not convinced that we have realistically yet designed a system flexible enough to react to the great variances in employment need, yet simple enough to be administered easily.

Today, because of my current responsibility, I would like to comment directly on the YACC program and its current situation and those things that I believe should be addressed in renewed legislation. All of this is obviously colored by my past experience with manpower programs, and while at times I may appear especially critical, I contribute this to the Subcommittee in the spirit of support and concern.

YACC—Let me begin by reaffirming Wisconsin's great support for the program and our desire to utilize the YACC opportunity to the fullest. We believe that it is upon the Public lands of this country where the greatest opportunity for meaningful, productive and useful new employment endeavors can be achieved by public agencies.

Mr. Chairman, appearing before you and expressing these sentiments may appear a bit indulgent, given your long commitment to conservation and to employment, but to others I would like this testimony to signal our belief that gainful employment of unemployed persons in natural resource and conservation programs offers an almost unlimited opportunity for valid jobs. It is a reality that in many areas "public sector" new job opportunities are extremely unlikely—yet on our public lands there is an abundance of work waiting to be done—work that has been deferred, or left undone, but still work with purpose and work with great benefit. The identification, and protection, of our natural resources, our forests, our streams, our lakes and our natural environment is a most challenging and important business.

Yet today, with a degree of sadness and with much frustration, I must say that, to date, our experience with YACC has not been good. There are problems in structure, financing, and administration; and in my 18 years in public program administration, I have never seen a more confused program.

As a starter, one of the problems with YACC is the low level of funding. Let me use Wisconsin as an example. Our most recent estimates indicate that approximately 35,000 people in Wisconsin fit the age and employment status required by Title I of PL 95-93. Of these, some 11,000 people are found in Milwaukee County and another 8,000 in Brown, Winnebago, Waukesha, Dane, Racine, and Kenosha Counties. Yet the state program initiated by Section 806 may provide employment only for approximately 150 persons annually. The Federal segment of the program may employ up to another 200 persons. So in both programs, both faced with severe budget constraints, perhaps 350 of the more than 35,000 eligible participants may receive attention. And to make matters more difficult, since most large acreages of public lands are away from the cities (where one-half of the people are) and because residential camp expenses are almost prohibitively expensive when coupled with per enrollee cost limits, few urban persons will be served. Nonresidential rural youth programs may be the only way to succeed under likely regulations.

While times are different and needs are certainly different, the belief that YACC was the second coming of the CCC is certainly not happening in Wiscon-

sin, and yet we would certainly like it to. We have the jobs, we have work; what we don't have are the fiscal resources.

Now even if our concerns for the lack of substantive federal investment in this program were not real enough, this meager effort has been flawed by federal inaction, ineptitude, and federal agency disinterest.

Mr. Chairman, it is difficult to phrase these comments so bluntly, knowing of your great support of Youth programs, but it has been a frustration, the last six months. Frankly, it is almost as if neither the Department of the Interior nor Department of Agriculture wants a viable state program to succeed.

Public Law 95-93 was signed into law August 5, 1977, an interagency agreement as to structure and procedure was signed effective August 23, 1977. Regulations from the Department of Labor were published December 6, 1977. To this date no further regulations have been forthcoming from the Departments of Agriculture and Interior implementing the delivery of the program from the Department of Labor.

Further, all should be aware that a conscious decision was made by both delivering agencies that the Federal agency program was to proceed before any State grants were to be made. And, in fact, most federal projects are well on their way, with special financing, higher per enrollee costs, and front-end cost—not to be allowed to the states.

On December 5, 6, and 7, 1977, representatives of the State of Wisconsin met with U.S. Department of the Interior and Department of Agriculture representatives in Denver, Colorado, to begin planning for application. At that session a number of very key issues were raised concerning the program. Representatives of the agencies at that meeting proved to have no key information for us for use in application development.

Since December 7, 1977, there has not been one written piece of information concerning this program disseminated to our State agency, and the only information that we have has come from calls by us to Washington and from one drop-in by me to the Department of the Interior in Washington.

No questions have been answered, no procedures established beyond early draft, and no regulations issued.

In utter frustration—we as a State have constructed, from 1st draft regulation pieces and the Department of Labor materials, our own format and we are filing within two weeks an application without assistance of Federal guidance.

As you may imagine, all of this is very disheartening to a State that created a special State entity to handle what it felt to be a major new effort at eliminating unemployment. Our Conservation Work Projects Board, established by Chapter 9, Laws of 1977, is restless at this state of affairs. Our Department of Natural Resources, where I am employed, has potentially thousands of jobs, and yet little has happened, and no one is now employed in the State program in Wisconsin.

Now—having said that—let me be very specific about certain immediate concerns that remained unresolved in our discussion with the Federal agencies.

YACC CONCERNS

Funds Available to States.—Section 806(c) of the YACC Act says, "Thirty percent of the sums appropriated to carry out this title for any fiscal year shall be made available for grants under this section . . ."

I have previously noted the small size of the state program. To add to this problem, in assigning allotments, the federal administering agencies have automatically reduced the 30 percent share for states by 6 percent for "federal administration." For Wisconsin this means approximately $91,000. We believe this is an inappropriate use of State program funds. We believe that such a federal skim-off is not authorized in this particular circumstance and that all administration of federal agencies should come out of the 70 percent appropriated to the federal government.

Definition of Non-Federal Lands.—We have sought without success a definition of what are "non-federal public lands and waters." Specifically, we have sought advice as to the status of leased lands and their eligibility for work.

Mr. Chairman, as you know, we have numerous potential projects on long-term leased property, but to date we have not received any advice other than that we should forget these properties in the first application to "Avoid Controversy."

A similar question can be raised relative to "leased" lands.

Residential Capacity and Costs.—We have been informed that on the average State grant costs per enrollee cannot exceed $9,800 including start-up costs. This

figure was arrived at by taking the cost limits of section III J of the Interagency Agreement and subtracting 6 percent federal administration skim. Federal agencies are to be held to $10,500. It is our understanding that federal agencies distributed start-up funds outside these limits.

These cost limits, while tight in nonresidential settings, are workable; in residential situations where supervisory and facility costs add greatly to average costs, the prospect is not bright. There are, therefore, two possible outcomes; first, fewer residential slots can be provided and, second, in states such as Wisconsin, where most potential public lands work sites are away from the larger cities, less opportunity will be provided for urban youth.

Further, in states with small allotments as Wisconsin, large camps providing per enrollee cost advantages of scale cannot be created.

Enrollee Initiation Fees.—We have expressed considerable concern about what I describe as Initiation fees—the costs necessary to become an enrollee.

Let me explain—please remember that an enrollee to this program must be an unemployed person and therefore in all likelihood without much prior job success reinforcement.

Medical Examination: Under Public Law 95-93, Sec. 803(b)(1)(d) an enrollee must be found, "capable, as determined by the Secretary of Labor, of carrying out the work of the Corps."

Under Department of Labor Regulations (29 CFR Part 97b.13(d)), this becomes among other things:

(1) A physical examination is required of each selectee, which either must be obtained at the selectee's expense or may be obtained by the selectee at little or no cost;

Under 1st draft USDA regulations, this section becomes (36 CFR 215.4(e)(5)):

Grantees shall: . . . require that enrollees pass physical examinations prior to official enrollment. The expenses for the examination will be borne by the prospective enrollee.

Clothing: Under DOL regulations 97b.23(e):

Camp/project directors shall issue such items of protective and safety clothing and equipment to enrollees as are necessary and appropriate to ensure a maximum of safety in all work situations.

. . . Enrollees are expected to provide all other clothing.

Under USDA 1st draft language: 36 CFR 215.4(e)(7): "Grantees shall: . . . require enrollees to provide own clothing with the exception of certain safety equipment which will be furnished . . ."

Transportation: 29 CFR 97b.13(2) states that enrollees "will be required to pay for their own transportation to and from the project or camp . . .

Coupled together, the initial costs to an enrollee for medical examination, clothing (probably different from that normally worn prior to enrollment) and transportation far exceed the money the average enrollee will have. Granted, provision is made for advancement of funds (with later deduction from payroll) but the recouping of these advances plus charges for meals and lodging can largely void the first payrolls for residential enrollees; thereby offering no early financial reinforcement to the enrollee at the most critical stages in enrollee adaption to the world of work.

Unemployment Compensation: For a potential grantee, Section 805 of the YACC legislation holds some difficulty relative to unemployment compensation. We have been unable to find definitive information on the meaning of this section. Because of our confusion as to the meaning of this provision, we have sought clarification from the Department of the Interior since December. No answer has been forthcoming.

To emphasize, this is not simply idle curiosity. If this provision places on the grantee sole financial responsibility for unemployment compensation, for enrollees the costs can be staggering.

For example, we estimate that the first seven months of operation of YACC at a level of 150 enrollees could incur a contingent liability of $222,600, or 16% of total grant funds available to Wisconsin.

Finally, having shared with you some of our most immediate problems, let me in conclusion briefly discuss several opportunities we are looking at in our project planning and delineate some suggestions for both coordinating with CETA and for administrative change.

As I have indicated, this is a fiscally tight program for any residential activity; yet, if a major impact is to be made in urban unemployment, numerous residential settings are necessary because of the locations of "public lands."

Likewise, economies of scale in "Camp" settings do not begin until about 50

to 100 enrollees, a number that precludes small allotment states from acting.

As a way to provide an alternative yet fiscally sound residential slot system, we are looking at two possibilities. First, we are developing work-crew size residential settings (8 to 10 enrollees); second, we are attempting to ease severe cost constraints by the use of CETA placements in certain types of supervisory positions. Both of these devices should enable us to meet the mandatory residential requirements of the program and to stay within cost limits.

This device of the utilization of CETA slots within the YACC program offers great potential; however, it does point up a problem with current CETA practice. For a statewide agency operating over many jurisdictions, the independent coordination between prime sponsors and the balance of the state is complex. And while all sponsors are extremely cooperative and helpful, in packaging a mixed YACC–CETA program we are faced with negotiating with a series of agencies with different levels of involvements and with different funding cycles.

Finally, let me suggest that while the logic of the involvement of three federal agencies (e.g.—Manpower—Forest Service—Parks, Recreation, etc.) is persuasive, the administrative jungle is unproductive. It is difficult enough to gain approvals in one process. To involve three borders on the impossible. I strongly recommend one agency be assigned primary administrative responsibility.

Finally, the built-in competition between the in-house federal projects run by the U.S. Department of Agriculture and the Department of the Interior and potential State activities invariably result in the states getting the least. This competition is not conducive to good program development.

In Wisconsin the Department of Natural Resources owns approximately 1,000,000 acres. County forests cover an additional 2.25 million acres in 28 counties. In all of these lands, plus many other places, opportunity for useful productive work and training is available. We only hope that it can be utilized.

Senator NELSON. Thank you very much. Our next witness is Mr. William O'Donnell, county executive, Milwaukee County.

STATEMENT OF WILLIAM O'DONNELL, COUNTY EXECUTIVE, MILWAUKEE COUNTY, WIS.

Mr. O'DONNELL. Thank you, Senator. All I would like to say is my relations as an elected official and prime sponsor in the Milwaukee County have been very well with the local Federal agency in Chicago. What I see after a number of years in government is that too often the people talking about how to create jobs are not civil service employees, not county employees or State employees.

I think there ought to be greater involvement with the private sector and this was what I did when I became county executive in Milwaukee County is tried to reorientate our CETA program from one that's social service oriented into something into the real world of work, and what I'm trying to do in Milwaukee County is to involve to a greater degree the private sector.

It's the private sector that will create the jobs. It's the private sector that will pay the taxes that will keep the civil service employees going, and, as you know, in Milwaukee County we are under a mandate from Judge Grady to spend a tremendous amount of money to clean up the water and if we are going to do anything, we need to attract industry and we need to keep industry and I think that in the whole CETA program from the Federal to State and the local level, that we involve the private sector, the sector that can create jobs, the sector that creates profit and pays taxes.

This is what we must do and this is what I'm trying to do in county government if we are the prime sponsor in Milwaukee County and this is I think important.

I think you helped us in our step grant that we were trying to work out and is just starting out now in the foundry industry and all we

want to be is the conduit for the money from Washington to the foundry industry to train people for that industry and I hope in the future that we can do it for other industries because we in county government have no expertise at all of this.

And, if you want us to be the employers of last resort, then that's another thing. But, if you want to use these moneys creatively, then I think we have to do it in the sense that we have to get the private sector involved.

Now, I don't know how many people here today are from the private sector but if we are going to make this program a success, the CETA, and get people off of welfare to get them into jobs, we need the private sector to do it; not us. We're not experts. We have used money creatively that came to CETA.

We have a security 8 force that we put 200 people to work in county government out patrolling the streets, looking out for old people. These are not jobs we normally would have.

I've allocated CETA moneys to the arts and I think this is creative but we need the involvement of the private sector. They are the ones that will create the jobs and this is what I would plead for you to do for us.

Thank you, Senator.

Senator NELSON. I agree with you in that being the substantial emphasis in the new authorization bill. The end result still has to be employment in the private sector.

Mr. O'DONNELL. Well, we have had some questions of training programs that have been run for years and then when they get out, that the individuals have gone through the training programs and go out to private industry and they're really not trained for jobs they're doing. They're 20 years behind and this we don't need.

Thank you.

[The prepared statement of Mr. O'Donnell follows:]

PREPARED STATEMENT OF WILLIAM O'DONNELL

Unemployment and the consequences it has for both the individual and society has long been recognized as an economic malignancy worthy of substantial attention by local government. In light of this, it is surprising that the basic concept of a comprehensive manpower policy is still largely undeveloped at the local government level. Manpower has meant many things to many people and has labored under diverse and often contradictory goals. With the passage of new Federal manpower legislation in 1973, local governments were given both the mandate and the opportunity to clearly define their own particular manpower policy and to fully incorporate that policy with other related services of government.

Milwaukee County has been involved in manpower activities for several years through the provision of in-service training for its Civil Service work force, the development of the Pay-for-Work Program for General Assistance recipients, and the operation of the Junior Public Service and Summer Employment Programs for youth. More recently, the County also acted as the funding authority for traditional community programs which seek to train the disadvantaged to become welders, auto mechanics, and secretaries. These activities, however, limit manpower by defining it as a function which is "tacked on" to the major responsibilities of local government. In its broadest sense, the term "manpower" really refers to the entire complex of an area's labor resources and, more specifically, to the problems generated by inadequate or improper utilization of those resources. The success or failure of manpower policy, therefore, can have implications for such diverse concerns of local government as welfare, economic development, mental health, affirmative action, the area's tax base, the standard of living and the equality of educational and vocational opportunities.

Problem definition.—During September of 1976, the unemployment rate for Milwaukee County was 5.2 percent. This figure represents 24,463 members of the County's labor force, in addition to an estimated 20,000 residents of the County who are under-employed, or earning less than poverty level wages. And although there are no authoritative figures available, at least several thousand additional individuals who have become discouraged and are no longer seeking employment are not reflected in these figures. For the County, these statistics can be translated into a demand for tax dollars to support an average of 24,000 families on AFDC and 3,700 on General Assistance; to provide unemployment compensation to 18,000 individuals; and to make available the numerous social services required when individuals and families cannot remain self-sufficient.

Ironically, while so many people are unable to find and/or retain employment, the "help wanted" ads in the Sunday paper fill upwards of 100 columns each week. Local business and industry are unable to obtain trained workers in many fields necessary to maintain or expand our economic base.

Thus, the ultimate challenge of manpower policy and programming is to develop a system which accomplishes the dual function of providing training and other service to the disadvantaged to maximize their employment opportunities, and to provide local government, business and industry with a work force that is fully trained to meet their present and future manpower needs. Until now, national emphasis had a tendency to favor the former at the expense of the latter.

New directions.—Unemployment is a misunderstood problem, almost always depicted as a fixed "stock" of the same individuals, who are considered either idle unfortunates or long-suffering victims of a depressed economy, depending upon one's philosophical orientation. The facts suggest, however, that unemployment is a dynamic "flow" of individuals in and out of employment every month, with the jobless population constantly changing. The problem of the hard-core unemployed is that they are unable to find stable jobs, not that they are unable to find work at all. High turnover in employment is due to low wages, boredom, unpleasant working conditions and poor chances for advancement. Economic growth, however, can serve to alter this turnover among disadvantaged workers. As the economy is stimulated, employers run into shortages of skilled, mature workers for whom the unskilled are no substitute. The solution to this mismatch between available workers and available jobs, I feel, is the key to a manpower policy which addresses the needs of the disadvantaged worker and provides a stimulus to local economic development.

Job training must be more closely linked to job creation. Instead of just sending people to school, we must merge manpower with economic development to meet the dual challenge of our manpower policy. The most effective, most rapid job creating program we have is the private sector. The thousands of additions it makes to employment every few weeks dwarf the size of proposed government programs.

The most recent issue of "County Manpower Report" features two articles calling for the combination of economic development with manpower programs within a narrowly defined impacted area. I am suggesting that this approach is long overdue and has validity, not only on an experimental project basis, but should be the paramount theme of all manpower programs throughout the country.

In recognition of these ultimate economic realities, we in Milwaukee County are in the process of redirecting our manpower program objectives to comply with the business needs in our community. My first step in program redirection was the appointment of a new Director, Mary Ellen Powers, whose primary task will be reorganization and development of a "business needs" approach to manpower development. Our second step was creation by the County Board of a planning/economic development team to work with business, labor, education, and government to determine what new jobs are being developed in the community and how manpower funds can be used to facilitate these new jobs. This team, comprising approximately one-half of our manpower staff, shall stay on the forefront of developing Milwaukee County business, and, therefore, job-related opportunities to help match tax base development with employment opportunities as part of an integrated effort.

A major governmental unit, such as the County, is not only in a position to influence new job development itself, but can also direct the flow of entirely new industries. Service-oriented spin-off from County recreation and tourism programs is just one example of this phenomenon. A key position in this unit is a "business liaison officer" whose sole function will be to call upon the decision makers of our local business community to find out what they perceive as the ap-

propriate goals for manpower development to meet their needs. Conversion of these goals into fundable programs will then be the primary emphasis for Milwaukee County's manpower effort. Further, this person can serve the additional function of advocate for the business community in other areas of concern wherein County government has an impact upon their profitability and, therefore, their ability to provide more employment opportunities.

Implication for national policy.—Redirection of emphasis from a client-oriented program to that of business needs by Milwaukee County, alone, or a group of Counties, will not, however, serve the needs of future manpower programs in this country. A new Federal administration is about to accept the reins of leadership and, as part of campaign pledges, make strong commitments to relieve unemployment in this nation.

In pursuit of that goal, manpower programs should not continue as an adjunct to the welfare delivery system and continue in an endless array of training and retraining for jobs that do not exist or are no longer needed. National manpower policy should focus, instead, on the real needs of industry, rather than those of welfare and serve to bring our limited resources together in a concerted attempt to stimulate the local economic climate.

Greater flexibility in Federal regulations is needed to blend more manpower programs with those under the Federal Economic Development Act to help prevent further flight of industries from economically disadvantaged areas into the "sun belt." Such shifting of industrial locus serves no real national interest and results in an increased over-all fiscal burden in greater welfare subsidy to these hard hit areas that no longer have sufficient jobs to serve their citizens.

Does it not make more sense for County government to encourage the use of manpower resources, to prevent industrial flight or attract new industries to help fill the void? Everyone cannot work for the government in public service jobs and expect the continuation of our free enterprise system. We as public officials must recognize that our collective economic health depends upon new industries, new jobs and a trained work force available to serve these needs and no others.

The expenditure of public monies designed to keep people busy with little or no chance of long-term permanent employment should be stopped or used instead for job corps make-work programs. The remainder of our effort must serve the needs of industry and commerce in realistic job development or we shall suffer the consequences of inevitable failure.

Accordingly, the National Association of Counties, in development of its national platform for manpower revision, should concentrate not only upon greater Federal fiscal commitment, but also encourage a redirection of program emphasis to realistically serve the business needs and the ultimate economic health of this nation.

Senator NELSON. Mr. Ron San Felippo has a brief statement to present.

STATEMENT OF RONALD S. SAN FELIPPO, MILWAUKEE AREA DIRECTOR, WISCONSIN JOB SERVICE, WISCONSIN STATE DEPARTMENT OF INDUSTRY, LABOR, AND HUMAN RELATIONS

Mr. SAN FELIPPO. Good morning, Senator. My name is Ron San Felippo. I am the Milwaukee area director of the Wisconsin Job Service, a division of the State Department of Industry, Labor, and Human Relations.

I appreciate this opportunity of presenting a few brief comments, and hope that my thoughts might prove useful.

The debate in Congress in the months ahead, when permanent changes in CETA will be considered, will center on whether the system is working and whether the Federal Government should assert more control over employment and training programs.

One of the tensions nationally is the role of job service within CETA. A frequently raised issue is whether that role should be a strictly mandated one or whether it should be arrived at through a competitive process.

Whether the role of job service should be determined at the local level or whether it should be mandated in the legislation is tied closely to the shifting national emphasis in manpower programs. Current legislation calls for coordination of placement services, but does not mandate coordination.

In approaching the multiplicity of placement services, I would support legislation cutting the duplication of placement services coupled with coordination mandated by law.

One of the objectives of job service is to be an effective manpower center through which employers and workers are brought together for the dual purpose of filling an employer's job openings with occupationally qualified workers and of locating employment for individuals suited to their skills, knowledge, and abilities.

In Milwaukee, the Wisconsin Job Service and the Jewish Vocational Service and other organizations have joined in a CETA-umbrellaed cooperative work assistance program encouraged by County Executive William F. O'Donnell and designed to reduce duplication in job programs and more unemployed persons off welfare and into jobs.

Under the new combined program, 15 Jewish Vocational Service placement personnel are housed at the job service in order to get the fastest coordination on placement. With placement counselors located at the job service, and the full range of job service resources brought to bear, jobs are referred more rapidly to work assistance clients allowing others to be moved more quickly through training provided by the other participating agencies and consequently into placement services of job service.

We feel that this joint venture with the Jewish Vocational Service offers us the unique opportunity of demonstrating that a coordinated effort toward the goal of providing quality services to all segments of our community is far more desirable than the present system of competing agencies and fragmented programs impacting upon the same employers.

As we expedite the placement aspects, the other cooperative agencies will be better able to do their jobs of rehabilitation, transportation, vocational instruction and other skill development training involved in moving people from dependence to independence.

The Jewish Vocational Service/Job Service Joint Placement Project, however, raises the question to the extent that welfare reform becomes a reality, of how job service will service a welfare group as well as a more skilled group, while retaining credibility among employers. A social welfare agency concept would be placed side-by-side with a placement service matching people with jobs.

The question of dual missions should be given careful consideration because in one way or another nearly everyone has a stake in how well Job Service performs. Employers want capable candidates for the jobs they are hiring for. Out of work or underemployed individuals want an opportunity at a job, county taxpayers gain whenever an individual moves off general assistance, and State revenue increases with the production of more taxable income. The human benefits of a well running program would be substantial.

We believe that the Job Service can be an effective coordinator in the provision of quality manpower services to employers and prospective

employees coming from all segments of our society, and that such a coordinated concept would be greeted with enthusiasm from all those now faced with an incredibly fragmented, uncoordinated multitude of delivery systems.

In short, we would encourage the maintenance of the CETA program at least at the present level of funding, with emphasis on the job training and placement components, and a mandated coordination of delivery systems involving job service.

I want to thank you for providing me this opportunity to present these observations.

Senator NELSON. Thank you very much, Mr. San Felippo.

Mr. Larry Cohn, representing the apparel industry, and Mr. Fred Luber, representing Super Steel of Milwaukee. Do you have prepared statements?

STATEMENT OF LARRY COHN, PUBLIC RELATIONS DIRECTOR, NATIONAL ASSOCIATION OF MEN'S AND BOY'S APPAREL CLUBS AND THE NATIONAL ASSOCIATION OF WOMEN'S AND CHILDREN'S APPAREL CLUBS, REPRESENTING THE APPAREL INDUSTRY; AND FRED LUBER, CHAIRMAN, SUPER STEEL OF MILWAUKEE, AND CHAIRMAN, EMPLOYMENT AND TRAINING COMMITTEE, MILWAUKEE COUNTY RESOURCE AND DEVELOPMENT WORKS

Mr. COHN. No, sir. It will be very brief. Would you like to go first?

Mr. LUBER. Good morning, Senator. I'm Fred Luber, chairman of the Super Steel Products Corp. and chairman of the Employment and Training Committee of the Milwaukee County Resource and Development Works.

The makeup of our committee is primarily a cross section of major employers in Milwaukee County such as Harnischfeger Corp., Rexnord, Inc., Ladish Co., Maynard Steel Casting Co., Allen-Bradley. Our purpose is basically to review the effectiveness of existing programs and to assist in the directing and optimizing of these programs; also to assist in program modifications or the generation of new programs where they're applicable. We also try to monitor our funds and our expenses so they're on a result basis so we can look back at what we've achieved.

Our findings to date are very basic. No. 1, there is a large and growing shortage of skills in the private sector. At the same time there's significant unemployment, particularly in the youth categories that are very trainable. Next, existing training programs both public and private are not generating the quality or the quantity of the skills required. Next, the private sector employers are the only logical group that, No 1, can identify and quantify the existing and future skill requirements; No. 2, generate and monitor training programs to produce a graduate with employable skills; No. 3, substantially reduce or eliminate overhead cost but not requiring public sector bureaucracy between the unemployed and the employer.

Next, a private sector is also spending considerable money and resources on an individual basis today which could be better handled collectively in coordination with CETA programs. The private sector

also cannot subsidize a total cost of converting the unskilled to variable skills. A subsidized training program also providing a source of skilled workers would be an economic stimulus to the private sector.

It is also understood the final part of any training program really should wind up with on-the-job training at the final employer where specific training to the employer's exact requirements could take place. We also estimate that somewhere between 2 and 5 percent of the total private sector employment could eventually wind up in this type of training which would substantially reduce unemployment.

Another thing is that the private sector is now ready and willing to participate in this type of program. The current status of where we are in our committee is, as Bill O'Donnell mentioned, we have a pilot stipend program going which is called foundry cast and will create 400 jobs over the next 6 to 18 months in the foundry industry.

This program is being sponsored and operated by the foundry industry and they are controlling all aspects of this program. We are in the process now of starting a welding program.

Senator NELSON. Is that last, the foundry stipend program, underway?

Mr. LUBER. It's underway. We now have 75 students already in the program.

Senator NELSON. OK.

Mr. LUBER. We are in the process of starting up a welding program, which instead of being for a specific industry will be industrywide. This may well be sponsored by somebody like WMC or some other association.

Our first step is to evaluate existing training such as MATC, OIC, et cetera, and then develop a total program that will supply the welding skills required by the greater Milwaukee area.

We're also looking at additional programs based on a shortage quantity and a priority basis. In addition we're looking at in-house private training programs such as Harnischfeger in Milwaukee. Their company has graduated 1,100 trainees and their training program, all with skills in various manufacturing areas.

The cost to date has been something like $15,000 per employee part of which is subsidized by CETA. We're looking at that relationship to see if that type of program——

Senator NELSON. You said $15,000 in cost includes some payment to the——

Mr. LUBER. That includes the stipend for the trainee.

Senator NELSON. How much of the $15,000?

Mr. LUBER. Depending upon the length of the trainee, how long he's in the program. Some of the programs are shorter and some are longer.

Senator NELSON. Well, what percentage then of the $15,000 is training and what percent is the stipend to the employee?

Mr. LUBER. I don't know the exact breakdown. I can get you that answer but I think it's primarily 80 percent labor cost and not training cost.

Senator NELSON. Yes.

Mr. LUBER. In conclusion, I think that our group is certainly on the right track and we are convinced that a much better job can be done and we very strongly recommend that programs that exist now be modified so the private sector can be involved to their fullest capability.

Senator NELSON. Thank you very much. Mr. Cohn?

Mr. COHN. Good morning, Senator. My name is Larry Cohn. I am representing the apparel industry nationally. I am public relations director of the National Association of Men's and Boys' Apparel Clubs and the National Association of Women's and Children's Apparel Clubs.

The reason I am here is to urge your support on a CETA program for the apparel industry and I would like to preface my brief remarks with just a couple of facts that might be a little astounding to those in attendance.

The apparel industry, men's wear, women's wear, children's wear and, by the way, as long as there are rules in this country that you have to wear clothes, we'll be in business. Unfortunately the Government does not recognize our industry. We did last year a consumer volume in excess of $80 billion, second only to the food industry; twice as large as the automobile industry.

Our particular groups are the larger trade associations in the soft goods industry and we encompass the entire metropolitan areas of the United States. We have approximately 65 local area associations who handle the sales of—wholesale of all men's, women's, and children's apparel. We attract well over 350,000 retailers to our markets throughout the year.

Many years ago we approached the Federal Government, and I believe, Senator, you recall you helped us get started in one of those areas and unfortunately—and you'll excuse me—excuse the expression, the Nixon administrator forgot we existed after they made promises to us. Our industry is the only industry that has not received 1 penny of Federal support money in any educational or training-type program when we have jobs that are waiting to be had.

The private sector, as these gentlemen have told you, offers more opportunity for job security for young people. Not everybody is a college student. Not everybody can be trained for any job but with the proper training, we have jobs that are available.

Just this past week I was telling Mr. O'Donnell's office a job with a division of the Levi Strauss Co. for $22,000 a year could not be filled because I couldn't find a properly trained person, whether it be white, black, purple, man, or woman, whatever. We couldn't fill that position.

We would like to urge you, Senator, to have the CETA program or a stipend program or whatever developed with the apparel industry in mind. We have opportunities that are unlimited. We have people within this industry who are begging for qualified trained people. We can train them. We do not have the Federal—We do not have the funds to put the training programs in operation.

When I heard this gentleman from the DNR talk about frustrations, I wish he could see my files on how we have attempted to get the Federal Government to support this program and the reason I am here today frankly, sir, is because I wrote the President last July and the President completely agreed and urged the Department of Labor to urge the local level, Milwaukee County to be exact, to support us.

I met with Mr. O'Donnell and Mr. O'Donnell has been most gracious and supportive and he recognizes and has seen what can be done. Unfortunately the Congress has not and I urge you, sir, to keep the apparel industry in mind when any future programs are developed. Thank you.

Senator NELSON. Any participation of the private sector would be through local prime sponsors?

Mr. COHN. Right.

Senator NELSON. Not at the Federal level.

Mr. COHN. But funds have to come down from the Federal level.

Senator NELSON. Yes; but the decisionmaking and participation has to be at the State or local level.

Mr. COHN. That's right. That's right.

Senator NELSON. So, what is it that Congress has missed? That is what I'm trying to understand.

Mr. COHN. I don't think they've appropriated funds. For example, if a second STIP program were to be available in the Milwaukee area, we couldn't do it because they have a regulation that Mr. O'Donnell cannot recognize more than one per year in a calendar year. I believe that's accurate. Therefore, Mr. Luber's group, which is certainly justified, has the program. We have to wait another year and I think that's wasting a lot of jobs.

There are many programs, Senator, even in the Milwaukee County area and I'm sure throughout the United States whose training funds spending I would seriously question. I have yet to see complete and excellent results from any of these programs.

The Milwaukee Journal recently printed a headline article stating that $5,300,000 was spent from some Federal program—I don't know what it was—to create 13 jobs. That's the most ridiculous thing I've ever heard and as a taxpayer, I resent it.

Senator NELSON. I didn't see the story.

Mr. COHN. I have it right here, sir, if you'd like to see it.

Senator NELSON. It must be in the Pentagon.

Mr. COHN. No; this was in Milwaukee County. This was Milwaukee County.

Senator NELSON. Leave that with us. Thank you very much, gentlemen.

Mr. COHN. Thank you.

Senator NELSON. Our next witness is Pam Anderson, executive director of the Madison-Dane County Employment and Training Consortium, appearing in place of Mayor Soglin.

STATEMENT OF PAMELA ANDERSON, EXECUTIVE DIRECTOR, MADISON-DANE COUNTY EMPLOYMENT AND TRAINING CONSORTIUM, APPEARING ON BEHALF OF MAYOR SOGLIN

Ms. ANDERSON. Thank you. I'm afraid I'm a poor substitute for the mayor and county executive but, due to unavoidable scheduling conflicts, they're both out of town today and were unable to appear so they asked me to come in their stead.

I want to say at the outset that I think on the whole local officials, at least in Wisconsin, have used CETA resources effectively in promoting economic self-sufficiency for the disadvantaged and providing jobs for the unemployed. From our perspective of running programs that have generally been successful and that have met the basic purposes of CETA as these have evolved legislatively, I think I can share with you some of our concerns about the future of CETA and make some positive recommendations for change.

The major thrust of my testimony is this: Congress should retain the basic CETA system and strengthen it as a decentralized, decategorized and flexible system of assistance to the unemployed, underemployed, and economically disadvantaged. But, you should take strong action to stop the trends toward recategorization, Federal and State control, increasingly rigid rulemaking, and intrusion by the Department of Labor and sometimes State agencies into local decisionmaking. Prime sponsors in Wisconsin recognize the need for comprehensive planning, for intergovernmental cooperation, and for reducing the unnecessary duplication of services; but, we feel——

Senator NELSON. You're saying strong action is needed to stop the trends toward recategorization. The trend toward State control, too? Is that what you're saying?

Ms. ANDERSON. I see more of that trend in some of the legislative drafts that I've been examining in this rewrite.

Senator NELSON. You object to more State control?

Ms. ANDERSON. Yes, I do. Prime sponsors I think can best develop local coordinated delivery systems which are responsive to the area labor market and to the needs of the unemployed and disadvantaged. We need the time to build the system to make it work, the resources necessary to have a real impact and the flexibility to design programs to meet local needs.

I think we need comprehensive reauthorization legislation, not piecemeal amendments. We want to redesign that which will provide a strong framework for our efforts at solving the problems of structural unemployment over the next 4, 5 years.

In line with this preface, I have five specific recommendations to make.

Senator NELSON. I take it you have not had available a copy of the bill I introduced for the administration for the authorization of CETA?

Ms. ANDERSON. I don't believe I've seen the latest draft, Senator.

Senator NELSON. You saw the first draft?

Ms. ANDERSON. One of the earlier—Yes, some of the earlier drafts, right; not the latest one.

Senator NELSON. All right.

Ms. ANDERSON. In response I guess to what you're asking, we don't object to a State planning and coordinating role and in fact have been moving toward that in Wisconsin I think in trying to have prime sponsors and the State planning office working closer together, but I think we would have problems with a stronger State control aspect and I guess that's what I'm really responding to in that statement. I think we need to really look at the jurisdictions and where things can overlap and where we need to keep problems separate and funding separate. That's the main thrust.

I think Congress should increase significantly the share of CETA resources that have provided for employability development programs which can best combat the problems of structural unemployment.

Congress should provide fair and uniform eligibility requirements for all CETA proponents in order to facilitate development of a comprehensive delivery system.

You should encourage and facilitate the development of coordinated delivery systems which provide an unbroken sequence of services at the

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local level, with incentives for such delivery systems to operate throughout a labor market area or even statewide.

You should provide administrative flexibility within broad quality control guidelines to prime sponsors, with Department of Labor's role focusing on technical assistance and management-by-exception.

You should utilize job creation strategies which will provide permanent work opportunities to those who have been denied access to the primary labor market, rather than continuing the massive infusion of dollars into countercyclical job creation efforts.

And, I want to focus on a couple of these areas for the remainder of my presentation.

I think a major issue for prime sponsors is the continuing emphasis on categorical and countercyclical programs, with an even smaller percentage of total CETA resources going into title I, which provides the only truly comprehensive and relatively flexible approach to solving an area's structural unemployment problems. I think with the national economy improving and the economic situation in States like Wisconsin improving significantly, we need to take a hard look at this total situation.

Our premise in Wisconsin is this: Given sufficient resources and flexibility, prime sponsors will utilize CETA as an equal employment opportunity strategy to gain entry to the labor force for target groups such as women, minorities, youth, migrants, the handicapped. We can fund programs and develop new strategies to serve the special needs of identified target groups within National and State priorities and guidelines, if you will give us the increased funding necessary to do the job well. Our experience in Dane County has shown that we are serving target groups far in excess of their percentage in the unemployed labor force. In fact, the Labor Department made us justify our significant segment goals this year because they exceeded by more than 15 percent their relative proportion of the unemployed labor force. For example, we expect to serve 20 percent blacks when they comprise only 2.8 percent of the unemployed in Dane County. We thought DOL's position rather ironic given CETA's congressional mandate to serve those most in need.

Senator NELSON. What was their position precisely?

Ms. ANDERSON. We had to go to a large extent to justify the reasons why we were serving more than the numbers in the unemployed labor force. The implication was that the percentages of target groups served would equal their proportion in the unemployed population and if you deviated either above or below, there had to be other reasons and you had to show clearly what the reasons were for that kind of a deviation.

Senator NELSON. All of these that you identify would fit within the category of structural unemployment, wouldn't they?

Ms. ANDERSON. Yes; I think so.

Senator NELSON. And they're certainly not objecting to whatever percentage you may serve?

Ms. ANDERSON. Well, they did in the grant review guidelines in fiscal year 1977. Their specific instructions were that a deviation of more than 15 percent could not occur.

Senator NELSON. Well, are they now insisting upon that?

Ms. ANDERSON. They're not insisting upon it but we had to go through a great deal of work and paperwork to justify the exceptions. They did approve the plan with the increased percentages.

Senator NELSON. I can't recall. Where does the 15-percent figure come from? That's not statutory.

Ms. ANDERSON. That was in the rulemaking.

Senator NELSON. By regulation?

Ms. ANDERSON. Um-hmm, by regulation. OK. Basically we maintain that there is no need for separate categorical titles for youth, special target groups, or for so-called private sector initiatives if the funding level is high enough under a comprehensive services title. As an example, our consortium has gone on record as favoring the provision of comprehensive employability development services to displaced homemakers under CETA, but not as a categorical program or under title III.

We believe that this target group can be effectively served by prime sponsors under a comprehensive program which provides intake, assessment, counseling, extensive supportive services, training and job placement—all focused on the special problems of the displaced homemaker. We believe employability centers can focus resources and assistance to this group, who may number over 90,000 in Wisconsin alone. So, here is an example of a national concern and statewide priority and a local target group which can be effectively served by the CETA system; but not without significant additional resources and the flexibility to design programs which meet real needs.

Senator NELSON. Well, are displaced homemakers services available now or are you saying that you could design them to be administered by a prime sponsor?

Ms. ANDERSON. The possibilities are available now. What we would need, though, is increased flexibility to put them together in the right ways and increased funding levels so we wouldn't be reducing services to other target groups who needed services just as much. We could look at ways of putting the components together specifically to address the needs of displaced homemakers, but we do need I think additional funding under a title I sort of approach rather than funding in a separate categorical program. We could integrate delivery of services into the existing delivery of services. I think that's possible.

Senator NELSON. Well, is there a significant difference between the problem of training and finding employment opportunities for displaced homemakers and others for whom you are providing services? Is it a unique category in terms of training problems, employability problems?

Ms. ANDERSON. I guess I would have to say that each target group has its unique problem and that what we're trying to do is focus on the specific barriers to employment for a given group and then design programs around that. I'm not sure that I could identify reasons for separating displaced homemakers as a category outside of the comprehensive system. I think there are enough——

Senator NELSON. For what did you say?

Ms. ANDERSON. For separating programs for displaced homemakers outside of the comprehensive system. I think that the needs are similar enough that if we had a funding level that was adequate, we could design programs within an integrated system to meet the needs.

Senator NELSON. Well, the displaced homemakers bill is pending before the Subcommittee on Employment, Poverty, and Migratory Labor of which I'm chairman and we will address ourselves to it. But,

do I understand you to be saying that you believe that with CETA itself, there is a sufficient structure, if you had the money, to provide the kind of services that are needed including training programs, counseling, and job placement for displaced homemakers?

Ms. ANDERSON. I believe so. I believe so. Let me give you another example which is of a different nature. Oscar Mayer announced last fall that they were closing down their hog slaughtering operation in Madison which would mean the loss of about 600 jobs in a community with relatively few production sector jobs to begin with. Layoffs of as many as 200 to 300 employees will begin in June, with other layoffs occurring throughout the year as workers absorbed into seasonal jobs are also laid off.

Now, CETA should be able to respond to this situation and help ease the negative impact on the workers and on the local economy, but we can do no retraining until the layoffs occur, when the workers will be unemployed and eligible. We don't have the resources currently to provide training slots for so many people; we are training about 50 people on a full-time basis right now, and our STIP grant provides only another 45 slots for the next 15 months. These workers will have to remain unemployed 15 weeks before they are eligible for a public service job, which might provide meaningful work and some retraining, and we have only—we're only funding about 300 to 350 public service jobs at present. So, it seems that all we can do is try to find some discretionary money and hope that we can get it soon enough to ease some of the wrenching dislocations this is going to create.

It seems CETA ought to be able to respond better than this and I really think that with redesign and increased funding for a comprehensive program, we might be able to do it.

Another barrier to developing a comprehensive system is the lack of uniform and fair eligibility requirements. We want the flexibility to move people between components but we also want the flexibility to serve people who are struggling to make it, who want to move into the primary labor market, who may be just over the income guidelines, but who do meet the intent of the CETA program to serve those in need.

For example, they may be—there may be handicapped individuals dependent on their families for support, persons receiving social security disability benefits; youth who have been juvenile offenders or high school dropouts but they're still living at home; underemployed individuals trapped in the secondary labor market, older couples who have to work, perhaps both of them part time, in order to stay off welfare. These are the people that CETA is missing with rigid and overly restrictive eligibility requirements.

The State's division of vocational rehabilitation estimates that between 30 and 45 percent of all its clients are ineligible for public service jobs under the current criteria. I think that any income test used to establish eligibility should be no more restrictive than 100 percent of the BLS lower living standard income level. Such a standard I think would include people who are marginal earners at best and can truly benefit from CETA services.

Let me say a word about public service employment as a job creation strategy.

Senator NELSON. May I say under our schedule you've got 1 minute left?

Ms. ANDERSON. All right. I think there's a problem with public service jobs in that in order to minimize the substitution effect, we have provided jobs to private, nonprofit agencies but they're soft jobs. They are not tied to the productive capacity of the economy and cannot be sustained without public subsidy. I think we need the ability to link jobs with economic development and with community development and that means the ability to capitalize ventures that produce things that people are willing to pay for.

I think we have a job creation model that's worth examining: the National Supported Work Demonstration. I think some elements that are relevant are flexibility of the funding through extensive waivers, the ability to capitalize and sustain productive ventures, the combination of employability development and production, and creativity which has been exhibited under this model. I think you ought to look at that model for its possibilities if you're going to look seriously at redesigning job creation efforts under CETA.

[The prepared statement of Ms. Anderson follows:]

PREPARED STATEMENT OF PAMELA ANDERSON

My name is Pamela Anderson, Executive Director of the Madison-Dane County Employment and Training Consortium. Due to unavoidable scheduling conflicts, both the Mayor and County Executive are out of town and unable to appear today to present testimony. They have asked me to prepare recommendations on CETA reauthorization on behalf of the Consortium, based on our experiences as a Prime Sponsor for the last three and one-half years. I appreciate the opportunity to speak with you today, and I will be submitting additional written materials at a later time in support of my testimony.

Local officials have gained a good deal of insight and even wisdom, as well as extensive practical experience, as they have grappled directly with the unemployment problems of their communities during the last few years. The federal resources provided through CETA have proven invaluable in their attempts to combat the problems of counter-cyclical as well as structural unemployment. There have been mistakes, to be sure, but on the whole local officials, at least in Wisconsin, have used CETA resources effectively in promoting economic self-sufficiency for the disadvantaged and in providing jobs for the unemployed. From the perspective of running programs that have generally been successful, that have met the basic purposes of CETA as these have evolved legislatively, I think we can share with you our concerns about the future of CETA and make some positive recommendations for change.

The major thrust of my testimony is this: Congress should retain the basic CETA system and strengthen it as a decentralized, decategorized, and flexible system of assistance to the unemployed, underemployed, and economically disadvantaged. You should take strong action to stop the trends toward recategorization, federal and state control, increasingly rigid rule-making, and intrusion by Department of Labor and state agencies into local decision-making. Prime Sponsors in Wisconsin recognize the need for comprehensive planning, for intergovernmental cooperation, and for reducing the unnecessary duplication of services; but we feel that the Prime Sponsors themselves can best develop local coordinated delivery systems which are responsive to the area labor market and to the needs of the unemployed and disadvantaged. We want *time* to build a system and make it work, the *resources* necessary to have an impact, and the *flexibility* to design programs to meet local needs. We need comprehensive reauthorization legislation *now*, not piecemeal amendments to existing legislation. We need a redesigned Act which will provide a strong framework for our efforts at solving the problems of structural unemployment over the next 4–5 years.

I have five basic recommendations to make:

1. Increase significantly the share of CETA resources provided for employability development programs which can best combat the problems of structural unemployment.

2. Provide fair and uniform eligibility requirements for all CETA components in order to facilitate development of a comprehensive delivery system.

3. Encourage and facilitate the development of coordinated delivery systems which provide an unbroken sequence of services at the *local* level, with incentives

for such delivery systems to operate throughout a labor market area or even statewide.

4. Provide administrative flexibility within broad quality-control guidelines to prime sponsors, with Department of Labor's role focusing on technical assistance and management-by-exception.

5. Utilize job creation strategies which will provide permanent work opportunities to those who have been denied access to the primary labor market, rather than continuing the massive infusion of dollars into counter-cyclical job creation efforts.

I want to focus on only a couple of these areas for the remainder of my time.

A major issue for Prime Sponsors is the continuing emphasis on categorical and counter-cyclical programs, with an ever smaller percentage of total CETA resources going into Title I, which provides the only truly comprehensive and relatively flexible approach to solving an area's structural unemployment problems. There are surely important reasons that Congress has allowed this to happen, but with the national economy improving and the economic situation of states like Wisconsin improving significantly, it is time to take a hard look at this situation.

Our premise in Wisconsin is this: Given sufficient resources and flexibility, Prime Sponsors will utilize CETA as an equal employment opportunity strategy to gain entry to the labor force for target groups such as women, minorities, youth, migrants, the handicapped. We can fund programs and develop new strategies to serve the special needs of identified target groups, within national and state priorities and guidelines, if you will give us the increased funding necessary to do the job well. Our experience in Dane County has shown that we are serving target groups far in excess of their percentage in the unemployed labor force. In fact, the Labor Department this year made us justify our significant segment goals because they exceeded by more than 75% their relative proportion of the unemployed labor force. For example, we expect to serve 20% blacks when they comprise only 2.8% of the unemployed in Dane County. We thought DOL's position rather ironic given CETA's Congressional mandate to serve those most in need.

We maintain that there is no need for separate, categorical titles for youth, special target groups, or for so-called "private sector initiatives" if the funding level is high enough under a comprehensive services title. As an example, the Consortium has gone on record as favoring the provision of comprehensive employability development services to displaced homemakers under CETA, but not as a categorical program or under Title III.

We believe that this target group can be effectively served by Prime Sponsors under a comprehensive program which provides intake, assessment, counseling, extensive supportive services, training, and job placement—all focused on the special problems of the displaced homemaker. We believe employability centers can focus resources and assistance to this group, who may number over 90,000 in Wisconsin alone. Here is a national concern, a statewide priority, and a local target group which can be effectively served by the CETA system; but not without significant additional resources and the flexibility to design programs which meet real needs.

Let me give you another example which is a major concern in this community right now. Oscar Mayer & Co. announced last fall that they were closing down their hog slaughtering operation in Madison which will mean the loss of 600 jobs to a community with relatively few production sector jobs to begin with. Layoffs of as many as 200–300 employees will begin in June, with other layoffs occurring throughout the year as workers absorbed into seasonal jobs are also laid off. Now, CETA should be able to respond to this situation and help to ease the negative impact of the workers and on the local economy. But we can do no retraining until the layoffs occur, when the workers will be unemployed and eligible. We do not have the resources to provide training slots for so many; we are training about 50 people on a full-time basis right now, and our STIP grant provides only another 45 slots over the next 15 months.

These workers will have to remain unemployed 15 weeks before they are eligible for a public service job, which might provide meaningful work and some retraining. So all we can do is inquire about discretionary funding and hope we can get some money soon enough to ease this wrenching dislocation in our local economy. It seems that CETA ought to be able to respond better than this, and I believe that redesign and increased funding for a comprehensive program to combat structural unemployment would allow us to do so.

Another major barrier to developing a truly comprehensive employment and training system is the lack of uniform and fair eligibility requirements for all CETA components. Prime Sponsors want the flexibility to move participants between components based on their employability development needs, rather than on categorical requirements. We also want the flexibility to serve people who are struggling to make it, who want to move into the primary labor market, who may be just over the income guidelines for public service jobs, but who meet the intent of the CETA program to serve those in need. People who are denied access to a public jobs and training program because of the specific characteristics of their need have reason to be angry and upset at government for not doing anything for them.

They may be handicapped individuals dependent on their families for support, persons receiving social security disability benefits, youth who have been juvenile offenders or high school dropouts but are still living at home, underemployed individuals trapped in the secondary labor market moving from car wash to pizza parlor in order to scrape by, older couples who must both work part-time at whatever they can get to stay off welfare—these are the people CETA is *missing* with its rigid and overly-restrictive eligibility requirements. The state's Division of Vocational Rehabilitation estimates that between 30–45% of its clients are ineligible for public service jobs under current criteria. I believe that any income test used to establish eligibility should be no more restrictive than 100% of the BLS lower living standard income level. Such a standard will include the people who are marginal earners at best and can truly benefit from CETA services.

Let me say a word about public service employment as a job creation strategy. It may have been a useful counter-cyclical tool, though our Consortium would like to focus on its employability development potential for the structurally unemployed. But here we have a dilemma. In order to minimize the "substitution" effect, we have provided over half of our jobs to private, non-profit organizations in Dane County. These jobs, while useful jobs which contribute significantly to the public services offered in the community, nevertheless are "soft" jobs with little chance for permanent absorption. Without ties to the productive capacity of the economy, these jobs can only be sustained through public subsidy; they cannot survive on their own.

We need the ability to link public jobs with economic development and community development efforts that can have a lasting impact on the community, and that means the ability to *capitalize* ventures that produce things which people are willing to pay for. This type of job creation could be sustained beyond a 12 month "project" and could provide permanent jobs for the unemployed.

I believe we have one job creation model worth examining for this purpose: the National Supported Work Demonstration. The elements that are relevant here are the flexibility of the funding through extensive waivers; the ability to capitalize and sustain productive ventures which can become less dependent on public subsidy over time; the combination of employability development and production which has proven possible; the creativity which has been exhibited under this flexible job creation and training program model. I think we should closely examine the Supported Work experience in Wisconsin and elsewhere in any serious attempts to redesign our job creation strategies under CETA.

In closing, let me urge you again to undertake comprehensive revision of the CETA legislation, and avoid the all too easy approach of another one- or two-year extension which only prolongs the uncertainty and makes creative program administration extremely difficult.

Prime Sponsors need program stability and advance funding over a period of several years if they are to fully realize the potential that is in CETA.

Senator NELSON. Thank you very much for your testimony. We appreciate you taking the time to come.

Our next witness is Mr. John Cook representing the Wisconsin National Association of Counties Manpower Officials from Wausau.

Mr. COOK. And also Helen Kenney.

Senator NELSON. If you will identify yourself so the reporter will have the record correct?

Ms. KENNEY. Helen Kenney, K-e-n-n-e-y.

Mr. COOK. Good morning, Senator.

Senator NELSON. Good morning.

STATEMENT OF JOHN COOK, CETA DIRECTOR FOR MARATHON COUNTY, REPRESENTING THE WISCONSIN NATIONAL ASSOCIATION OF COUNTIES MANPOWER OFFICIALS, ACCOMPANIED BY HELEN KENNEY, DIRECTOR, WINNEBAGO COUNTY-FOND DU LAC CONSORTIUM, AND VICE CHAIRMAN, DIRECTOR'S GROUP, STATE OF WISCONSIN

Mr. COOK. My name is John Cook and I'm the CETA director for Marathon County. My comments today will be from the dual standpoint as director of a county prime sponsor and as chairperson of a statewide organization of prime sponsor directors entitled "the Wisconsin National Association of Counties Manpower Officials."

At issue today is CETA, not only as a law which is to be rewritten, but CETA as the concept of decentralization, decategorization, and local planning.

The statement of purpose in the original law—CETA of 1973—closes with the phrase "by establishing a flexible and decentralized system of Federal, State, and local programs." The system envisioned by this statement has worked to bring effective programing to those individuals most in need. I will describe two which are a result of the locally based planning and implementation responsibility and authority in Marathon County.

Effective October 1, 1977, Marathon County CETA instituted a client-centered centralized manpower service delivery system that we've given the acronym name CASE which stands for client assessment services for employment. Under CASE, intake and assessment are done centrally at the job service office, with referrals being received from probation and parole offices, division of vocational rehabilitation—DVR—work incentive program—WIN—to name just a few. Written employability plans are formulated through interviewing, counseling, and testing efforts of job service, plus client data gathered from WIN, DVR, and the North Central Technical Institute—NCTI—both through CETA and non-CETA funded assessment components.

The result of this assessment, the written employability development plan—EDP—which is signed by the participant, is presented weekly to the CASE team which is chaired by staff from our office and includes staff from job service; community action program work experience program operator; NCTI, which is the provider of vocational training and also assessment services; and our staff which is responsible for PSE development. The EDP is presented to the group, questions are asked and answered, and the plan is referred to whichever staff/agency has responsibility for the primary activity. For example, if the plan spells out work experience as a primary activity, the responsibility for following through with the client is the CAP agency. Each operator reports periodically to the CASE team on participant progress. As the participant approaches job readiness, referrals are made to job service for placement under agreement. Job service provides such services at no cost to CETA.

First quarter results for fiscal year 1978 when compared to the same period in fiscal year 1977 showed dramatic increases in the total number served, number terminated and the number terminating for em-

ployment and other positive reasons. We feel that CASE had much to do with this improved performance. We see the following advantages to the system: (1) Participants have available the full range of services and activities; (2) combinations of activities are more likely to be developed to meet individual needs; (3) CASE team provides continuity throughout the duration of participation; (4) placement services are constantly available; and (5) I think very, very important in this is the CASE mechanism, by its very design, brings several service delivery agencies together on a regular and productive basis.

The one major limitation and real challenge of the system is the greater strain on management information and fiscal systems to provide timely data to the program operators.

The second program services economically disadvantaged farmers in Marathon County under a subgrant with the CAP agency. The University of Wisconsin extension provides its technical services on a nonreimbursement basis. The purpose of this program is to allow economically disadvantaged farmers to remain on their farms by providing training in basic farm management.

CETA money is used to fund a staff person with CAP who makes regular contacts with each farmer in the program. These farmers are placed on certain programs such as soil forage and milk testing which is also CETA-funded. The results of these tests are processed and interpreted by the University of Wisconsin extension staff to the end that farmers can more effectively feed and care for their herds and make better purchasing decisions. CAP organizes group meetings and provides necessary support services. A study by the University of Wisconsin extension showed a 62-percent average increase in net income between the years 1975 and 1976.

The two program examples listed exemplify the meeting of a local need through local planning and implementation under authority of flexible and decentralized and decategorized Federal legislation. I must emphasize the concept here must not be lost.

A second purpose of my comments today is to point out some difficulties encountered with the existing CETA program. Although I have specific concerns, I want to make it perfectly clear that extensive remodeling of the law is not necessary.

CETA currently has too many eligibility criteria which are complicated by the use of four separate income charts. Applicants, program operators, and the general public are confused by the wide array of conditions. It is unnecessary to have more than one income chart, for example.

Paperwork in the form of separate grant applications—and subsequent modifications—weekly and monthly reports and excessive documentation to comply with overregulation tends to cloud our real mission—that of providing services to those most in need in our local areas. As an example, in effect is a DOL regulation for a 35 percent veterans hiring goal which was imposed on prime sponsors which may or may not have anything to do with their local population.

Serving specific population segments by creating new titles or establishing national target groups—thereby creating more paper—belies the fundamental comprehensive nature of the act and denies to the prime sponsor its responsibility to meet local needs which may or may not mirror those of national emphasis.

As I stated in my opening remarks, CETA is to be rewritten this year. The draft bill of the Carter administration is fraught with language which restricts a prime sponsor's ability to design its own programs. A case in point is section 212 which reads as follows. Now, section 212 is actually the title I as we know it now. Section 212 says:

Section 212. (a) No prime sponsor shall use for public service employment and work experience more than 50 percent of the funds allocated to it for this part.

(b) For activities other than public service employment and work experience each prime sponsor shall use an amount of funds no less than the amount of its manpower allotment used for such purposes in fiscal year 1977.

(c)(1) Funds under this act shall not be used to pay persons employed in public service jobs or work experience under this title at a rate in excess of $8,000 per year.

And, (2), no participant under this title may be provided wages from sources other than this act.

The effect of this section is to allow the Secretary of Labor to dictate the mix of services that a prime sponsor delivers. Legislation should detail, whenever possible, the activities and services allowable but not predetermine the makeup of a comprehensive local plan.

Section 104 refers to the submission of a prime sponsor's plan to the Governor and other appropriate entities prior to submission to the Secretary. Specifically, the prime sponsor is asked to "document reasons for rejecting any of the Governor's recommendations, and submit to the Secretary copies of the comments, recommendations, and documentations."

training council—SETC— and the prime sponsor is to again:

Consider any comments or recommendations made by the council, including those with respect to nonutilization or duplication of existing services, document reasons for rejecting any of the council's recommendations and submit to the Governor and to the Secretary copies of the comments, recommendations and documentations.

It is unnecessary to document to the Governor and the SETC the reasons for rejecting comments because the local plan and very process which creates it is a documentation of reasons. This serves only to prolong program implementation by removing the primary authority and responsibility from the local area.

These are but two of the many examples in the draft legislation of the attempt to erode the original decentralized and decategorized intent of CETA. Time will not permit detailing more.

I do not wish to diminish the critical role of the Governor in the Federal, State, and local CETA system, but, rather see the roles relatively coequal in nature. Upsetting this balance by, in effect, adding a veto authority at the State level over locally developed and approved plans can only lead to frustration and disinterest at the local level.

Conversely, such State agencies as the job service and CETA prime sponsors should be required to engage in joint planning at the local level. To require such planning, the Wagner-Peyser Act must be rewritten to change job service funding to a block grant type, replacing the resource allocation formula. In review of the CETA——

Senator NELSON. May I interrupt?

Mr. COOK. Yes.

Senator NELSON. Do each of you have a statement?

Ms. KENNEY. I have a brief statement.

Senator NELSON. Because you have 5 minutes left.

Mr. Cook. OK.

Senator Nelson. However you wish to allocate it.

Mr. Cook. I have one page.

A review of the draft CETA bill, as exemplified by my comments regarding sections 104 and 212, reveals an unfortunate but common approach to dealing with "problem" areas in CETA. Namely, restrictions are increased through law and regulations which have the effect of punishing the innocent along with the guilty.

Congress is concerned about substitution of Federal for local funds. The majority of Wisconsin prime sponsors recognized the potential for such problems and implemented, voluntarily, time limits on participation in PSE programs prior to its appearance via the project approach contained in CETA amendments.

Senator Nelson. What is your time limitation?

Mr. Cook. We use a 1-year time limit with an extension of up to 6 months for absorption to build into the ——

Senator Nelson. As you know, a number of complaints are filed with the Labor Department on the question of substitution, and I don't know the validity of them. We're going to take some testimony on that but we've had complaints like that from all over the country. People are not being brought in at the lowest entry level; there are substitution of jobs and so fort'.

Mr. Cook. Marathon County's experience is that even with the existence of CETA public service employment jobs, permanent positions in the city of Wausau and county government have continued to be created. For example, in the last 14 months there were 13 permanent jobs in the city of Wausau and 23 in the county of Marathon created permanently.

Senator Nelson. Did any of them go to CETA employees?

Mr. Cook. Yes. Yes, many of those were absorptions.

Senator Nelson. Into permanent jobs?

Mr. Cook. Yes .Yes.

Senator Nelson. So they are no longer CETA employees?

Mr. Cook. Right, a permanently created public job.

Supported are changes allowing the pooling of administrative moneys, thereby reducing the tedious internal allocation processes and granting 5-percent vocational education funds directly to primes. Requiring a single comprehensive plan covering all titles, tied to multiple-year funding, would reduce paperwork and improve programing.

Contained within the concept of a single comprehensive plan is the notion that the road to more effectively delivered manpower services is through more well constructed local plans for which the prime sponsor is held accountable; emphasis on the accountable. Changes in CETA law should increase flexibility for the prime sponsor. One idea whose time has come is the ability to subsidize wages in the private sector. Prime sponsors have the ability to design mechanisms to effectively carry out such a venture. Thank you.

Ms. Kenney. Senator Nelson, I'm Helen Kenney, director of the Winnebago County–Fond du Lac Consortium. I am also vice chairman of the directors group in the State of Wisconsin.

The portion that I wish to address is what can be accomplished through local control to assist the private sector. There are a few examples that I would like to give you and I would also like to share

with you some of the concerns that our oversight committee for STIP presented to us this past week.

They feel, first of all, that there should be the very least number of restrictions possible under the new STIP and also under the new section 7 of President Carter's portion that he has put in. They feel that—and I am speaking of members from Giddings & Lewis, Mercury Marine. These are the individuals that are on our oversight committee: Oshkosh Truck, Oshkosh B'Gosh which is in your mercantile-type of relationship here, Kimberly Clark. We have representatives from a construction firm, from small business as well as from labor, the technical school and chambers of commerce. These individuals are working on an oversight committee for our $300,000 STIP grant.

They feel that if there was more flexibility on a local level to do upgrading, even within their industry, to help some of their people, they in turn would be willing to hire more unemployed, economically disadvantaged if this were possible.

We would also like to explain that in the Winnebago and Fond du Lac Counties area, we have tried a pilot project for the past 2 years. We are working cooperatively with the school system, with local businessmen and we have had a 10-slot project in the high school wherein individual seniors who are ready to graduate have had on-the-job training contracts with us. They are under an actual contract with local business people. Of these 10 slots, we had a 90-percent absorption rate when the individuals graduated in June. We feel this is a way we can use on-the-job training money as well.

Within the consortium, our on-the-job training allocation was increased from 5 to 25 percent of title I moneys. This in itself shows what can be accomplished with the local private sector and the county executive, Mr. Coughlin, has asked me to emphasize to you that with the local control that we have had within the two-county area, many things innovatively have been done to work with private industry and business. Thank you.

Senator NELSON. Thank you very much for your testimony. We appreciate you taking the time to come.

Our next witnesses are Leroy Opfer, executive director, Wisconsin Coulee Region, Community Action Agency, Westby, Wis.; and Rosalie Tryon, executive director, ADVOCAP, Fond du Lac, Wis. The committee is happy to have you here today. Go ahead. You have prepared texts. They'll be printed in full in the record. Go ahead.

STATEMENT OF LEROY OPFER, EXECUTIVE DIRECTOR, WISCONSIN COULEE REGION OPPORTUNITY COUNCIL, COMMUNITY ACTION AGENCY, WESTBY, WIS.; AND ROSALIE L. TRYON, EXECUTIVE DIRECTOR, ADVOCAP, A COMMUNITY ACTION AGENCY SERVING FOND DU LAC AND WINNEBAGO COUNTIES

Mr. OPFER. Thank you, Senator Nelson. My name is Leroy Opfer. I am the executive director of the Coulee Region Opportunity Council, a community action agency serving four primarily rural counties in western Wisconsin. We have operated manpower programs funded under the Economic Opportunity Act and under CETA since 1967. Currently we operate a variety of programs including outreach serv-

ices, work experience, career training, and public service employment programs funded under titles I, II, III, and VI of CETA. I am also chairman of the Western Area Manpower Planning Board, an advisory body to the balance-of-State CETA prime sponsor for a seven-county area in western Wisconsin.

My testimony today will cover two primary areas. First, experiences which we have had in western Wisconsin regarding the integration and coordination of CETA programs and, second, recommendations for changes in CETA legislation based on these experiences.

Nearly 2-years ago those of us who were operating manpower programs under CETA in western Wisconsin realized that for us the real promises that we had expected out of CETA were not being realized—those promises being the coordination, innovation, and decategorization of manpower programs. We saw a situation that we weren't really happy with. Program operators were more interested in meeting placement and cost standards, having full enrollment, and being refunded than they were in meeting the real employment needs of low-income persons. This is the situation that existed a couple of years ago in western Wisconsin and it's my own belief that this is the situation that currently exists in many other areas yet today, and I guess I don't really find it surprising that such a situation is likely to exist.

The Department of Labor and in turn the prime sponsors have expected each major component of the CETA system to be judged according to the same general indicators. One of these that has received a great deal more emphasis than others is indirect placement.

Looking at this indicator for just 1 minute I think would be revealing. Take a hypothetical situation, that being you as the work experience program operator having enrolled a low-income person in a job with a county-owned nursing home as an aide. After several months this individual makes the decision that he would like to pursue a career as a nurse. To do so the individual would have to receive additional training.

The most logical thing that the operator could do, or the most logical thing that could happen for the individual would be enrollment in a CETA classroom training program appropriate to this career and afterward transfer to job service for placement. But, if this happened, you as the work experience operator would not get credit for this placement and a low-placement rate has been construed by the Department of Labor and prime sponsors as poor performance.

Senator NELSON. You mean if somebody went on in some further training or education?

Mr. OPFER. And were placed—I'm sorry, and were placed out of the classroom training program or out of an on-the-job training program and you transferred them to those components, being out of the need or interest of that individual, that would be—not be considered to be a placement for your program.

Senator NELSON. Well, is it counted in the total placement? If it were left neutral, it may not make any difference. Do you follow my point?

Mr. OPFER. Yes.

Senator NELSON. They don't count in the placement, but they do count that individual as part of the whole?

Mr. OPFER. As a positive termination. Well, that's the way I guess I would personally prefer to see it but our experience has been that each

individual component historically has been judged on the indirect placements out of that component, not on what ultimately happens with that low-income person and I think you can see how that kind of a situation really—really hinders the integration and coordination of different components. You lose basically in terms of your own program situation by transferring those individuals.

Fortunately for those of us in western Wisconsin, there was a sufficient level of trust that existed between the program operators and with the area's planning board to allow us to openly and honestly discuss this situation.

Our examination revealed that a linked approach which would integrate the various components would make a lot more sense to the individual and would be a more efficient and effective system. The measures of effectiveness, as you were suggesting before, would be applied to the entire system rather than to isolated components. Such a system is now in place and working in western Wisconsin and it's my belief that such a client-centered case management approach which allows program components to be operated by organizations other than the lead case management agency, yet integrating operations into a comprehensive system, is a significant improvement over the old categorical program approach prior to CETA, and the program that still predominates under the act.

It certainly is an improvement that we would not have been able to realize without the flexibility which remains under CETA. I would hope to see incentives for such integration included under new CETA legislation. Administrative actions by the Department of Labor, such as that previously discussed with indirect placement, which inhibit coordination and ultimately hurt low-income persons should be restricted legislatively.

Although CETA is certainly a very successful law, a number of changes—six major ones that I would like to propose—I feel would make significant improvements in its impact on meeting the needs of low-income persons.

First: I think CETA should allow for significantly increased involvement in the private sector. Most good jobs are available with private business and industry but most existing employment and training activities allowable under the act are restricted to the public sector. At this point, from my experience, public sector jobs are being glutted.

Jobs which are being created in the public sector frequently have marginal significance. Low-income persons are being taught few skills which are transferable to private sector jobs and in many cases low-income persons without prior work experience or training are not even able to compete for public service jobs. If efforts to place poor people in good jobs are to continue successfully on an expanded basis, private sector involvement is essential. Some steps which could be taken to enhance this would be: (1) To allow work experience placements with private for profit employers; (2) authorizing the funding of business development job creation efforts designed to create jobs for low-income persons; (3) providing tax incentives for private employers hiring CETA participants; (4) investigating the potential for allowing private for-profit employers to be eligible operators, and (5) improving the affirmative action efforts relative to the act.

Second. Citizen participation in the planning, operation, and evaluation of CETA programs should be strengthened. This is particularly true of participation by private employers and by low-income persons who are the ultimate consumers of CETA services. This should be in existence at all levels where significant decisions regarding CETA programs are made. Such participation must be backed up by sufficient training and support to insure that participation can be meaningful and the advice of these sectors listened to. Incentives should also be included for the hiring of CETA eligible persons in staff positions with agencies and organizations receiving CETA funding.

The third point, CETA's flexibility needs to be increased to allow for greater innovation in developing local programs which can effectively meet local needs. The original concept behind the act was for flexibility. It's my belief, however, the only title of the act which is currently consistent with this concept is title I—the title which has proven to be by far the most effective in our area. I believe that the additions of title II, title III, and the great expansion of title VI have proven to be far less effective and have added tremendously to the administrative burden of program operators.

I believe these recent changes have legislated duplication within the CETA system, have lessened public acceptance of CETA and have resulted in the continuation on CETA payrolls of persons who otherwise would have been placed. To deal with this situation and to increase flexibility, the number of CETA titles should be reduced, reversing the recent trend toward legislation of categorical programs within CETA. Funding for such activities as public service employment and title III, youth comprehensive, should be transferred to title I. Items like the title VI, Older Americans Act senior employment program, which I understand is being proposed for inclusion by the administration, should be included as an eligible activity under title I rather than be added as a separate CETA title.

A more specific point that has caused concerns for us is with employment of in-school youth. Employment of such youth aged 14 and over should be allowed at the prime sponsor's discretion with programs serving this in-school population exempt from the Department of Labor's placement criteria.

Fourth, the funding and decisionmaking process regarding CETA programs should be streamlined. We see today a situation with our agency, for example, where we have to go through five more layers to have a youth program funded than we did 5 years ago when neighborhood youth corps programs were funded directly by DOL to program operators.

Senator NELSON. Would you send us the documentation of the five new additional layers you have to go through?

Mr. OFFER. Yes; it's included here.

Senator NELSON. We would like to have it for the record because I have requested the Secretary of Labor when the testimony is over to have some questions answered. They have 5 pages of 15 major questions to respond to. I want the Labor Department to respond to those specific issues raised in the hearings and to explain or justify the paperwork or the additional five layers raised here or change their administration of the program. So, if you would submit that in writing, the

five layers you have to go through now compared with previous years, and give it to Scott Ginsburg to send to me, we will submit it to the Labor Department for their comment.

Mr. OFFER. Right. I appreciate that. Thank you.

[The material referred to follows:]

ATTACHMENT ONE

State of Wisconsin \ EXECUTIVE OFFICE OF THE GOVERNOR

Office of the Governor
Martin J. Schreiber

WESTERN
DISTRICT MANPOWER
PLANNING BOARD

STATE MANPOWER COUNCIL
30 W. MIFFLIN ST.
MADISON, WISCONSIN 53703

PHILIP E. LERMAN
EXECUTIVE DIRECTOR

RICHARD C. WEGNER
DEPUTY DIRECTOR

JERRY HANOSKI
REGIONAL COORDINATOR
PYROL BUILDING
20 COPELAND AVENUE
LaCROSSE, WISCONSIN 54601
608-784-8797

INTRODUCTION:

The key ingredient to a linkage system is an organized structure of program operations rather than a mixture of independent unrelated and disjointed manpower services. The Western Area Manpower Planning District Title I grantees and staff have designed and implemented a linkage system to provide an efficacious delivery of manpower services to Western Wisconsin. Each agency involved has been assigned specific functions and responsibilities to perform. Unnecessary duplication of services have been eliminated. A standardized procedure has been developed which incorporates certification of CETA eligible participants assignment to appropriate CETA component(s): and the hopeful termination of CETA involvement in unsubsidized employment.

The linkage concept was created through the cooperation of Western Title I grantees and staff. Its implementation and success is dependent on that continued cooperation.

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MAP OF AREA

Mondovi
BUFFALO
Whitehall
JACKSON
TREMPEALEAU
Black River Falls
Alma
MONROE
LA CROSSE
Tomah
Sparta
La Crosse
Millsboro
La Farge
Viroqua
VERNON
CRAWFORD
Prairie du Chien

1

LINKAGE SYSTEM OVERVIEW:

I. FUNDING PROCESS:

The Western Area Manpower Planning Board (WAMPB) presumes no specific deliverers of component services. It is the practice of the WAMPB to allocate only portions of Title I funds as is immediately needed. Expenditures are projected for three months at a time, while uncommitted funds are held in planned reserve. This process facilitates innovative approaches to manpower programs because of the flexibility of funding allocation, and constant monitoring of existing programs. It also allows for new program operators since all funds are not committed for the entire fiscal year.

With the exception of Job Service as a supplementally funded lead agency (and not necessarily a program operator), the WAMPB considers program operators for Title I training programs on an ongoing basis. The Western Linkage System has been set up to respond to the immediate manpower needs of the WAMPB.

II. INITIAL CONTACT OF LINKAGE PARTICIPANTS:

Outreach and referral is the primary responsibility of the Community Action Agencies. Referrals may also come from Job Service, other CETA and non-CETA agencies and people who walk in as a result of newspaper or other advertising.

A team consisting of a counselor and a Job Service Specialist will maintain the following interview schedule:

MONDAY - At Sparta for Monroe County

TUESDAY - At Prairie du Chien for Crawford County

TUESDAY - At Whitehall for Trempealeau County and Buffalo County

WEDNESDAY - At Westby for Vernon County

THURSDAY - At Black River Falls for Jackson County

In Jackson, Monroe, and Crawford Counties, applicants will be referred to the Job Service branch office where a determination of their CETA eligibility will be made. An appointment will be set up for those CETA eligible with the linkage team.

In Trempealeau, Buffalo, and Vernon Counties, the Community Action agencies will schedule the appointments for the project team. While the interview is being scheduled the client fills out an income statement and a Job Service application card. These will be forwarded to

the Job Service office in LaCrosse, and a determination as to their eligibility for CETA will be made. If they are eligible, they let the appointment stand. If they are ruled ineligible, the CAP agencies will be notified that the appointment is being cancelled and a letter will be sent to the applicant informing s/he that they are not eligible for CETA and s/he is then invited to contact their nearest Job Service office for other possible services.

In LaCrosse County, referrals will be made to the LaCrosse Job Service office. For those CETA eligible, the intake assessment and employability planning will be initiated. If time does not permit this, they are scheduled for an interview at the earliest possible date.

INTAKE, ASSESSMENT AND EMPLOYABILITY PLANNING

The intake certification assessment and development of a written employability plan is the responsibility of the linkage project staff. An employability plan is an outline of the participants': history of employment, employment barriers, remedies to employment barriers and recommended CETA programs, length of participation, worksite and supportive services.

Upon completion of the employability plan, which is a cooperative effort between client and counselor, arrangements are made to actualize the plan. The appropriate agencies and grantees are contacted and consulted as to their ability to provide the needed services within the planned time schedule.

The client is then referred to the agency providing the initial component of the plan and is assigned to the caseload of the Job Service Specialist responsible for follow-through. The linkage staff is responsible for the completion of all MIS forms necessary for tracking individuals through the system.

For evaluation purposes, if a service is recommended by the employability plan and not available when needed, an alternative plan is developed. The original strategy is maintained in the client's counseling folder. This data can be of assistance in future manpower planning.

FOLLOW-THROUGH AND TERMINATION

Once an individual has been referred and enrolled in a component, they become the responsibility of that program operator. While they are in that component, the specialist from the project team will periodically meet with the appropriate staff member of that agency to review the progress of the individual in relation to his/her employability plan. Each contractor is responsible for providing the project with evaluations of the enrollees in their respective programs, which are maintained in the individual's folder.

The linkage project staff is responsible for making changes or terminating the employability plans of all persons enrolled in the project. Prior to making any change or termination, they will consult with the client, (if available) and the contractor. Both the contractor and client will be informed in writing at least one week in advance of any change to the plan or termination of any enrollee. The project staff is also responsible for coordinating all transfers within CETA components through termination.

Since unsubsidized employment is the primary objective for all CETA participants, referral of participants to such employment may be made at any time during their enrollment. This may be done by the linkage staff or the staff of their present contractor.

COMPONENTS OF WESTERN DISTRICT
LINKED MANPOWER SYSTEM

I. INTAKE: A process which assures that a person is eligible for one or more of the programs available under CETA. No one may participate in a CETA program until s/he has been certified.
CERTIFICATION = INTAKE

II. ASSESSMENT/COUNSELING:
The process which on a person-to-person basis the linkage counselor and client identify the participant's barriers and realistic employment objectives which are documented in a written employability plan. This component includes provisions for vocational testing.

III. OUTREACH/SUPPORTIVE SERVICES:
This component involves identification and referral of potential participants in manpower programs, particularly from peripheral areas of the district. Supportive activities (direct or indirect) to individuals enrolled in manpower programs include at a minimum:

A. Financial assistance for obtaining child care, medical assistance and family planning.

B. Transportation when needed.

IV. ADULT WORK EXPERIENCE (AWE):
AWE is defined as a "short-term" or "part-time" work assignment designed to enhance the employability of individuals who have never worked or who have not been recently active in the labor market for any length of time. The intent of AWE is to increase the employability of such individuals by providing them with experience on the job, development of occupational skills, good work habits and an opportunity to develop career goals through the exposure to various occupations. Work Experience may also be used as a holding action while appropriate classroom training, on-the-job training, or public service employment opportunities are being developed. Retention of an individual in an AWE setting for the above purposes is determined in accordance with the needs of the participant. Use of AWE for individuals whose only manpower need is for employment, e.g., unemployed individuals who have occupational skills and good work habits is generally inappropriate. Wages paid to AWE participants is $2.65/hr. effective January 1, 1978.

V. CLASSROOM TRAINING:
This program activity provides training in an institutional setting to provide individuals with the necessary technical skills and information required to perform a specific job or groups of jobs. Training may be in an existing program (slotting) or a curriculum may be developed to teach special skills (class-size projects). Whenever possible class-size projects will be designed in an open-ent[illegible]open-exit approach which allows new trainees to be added as others complete the course. Class-size projects will be created as needed through the dictates of the linkage system. This component specifically addresses adult basic education (ABE), general educational development (GED), and occupational training (specific skills) and may be recommended as a secondary activity.

A. Adult Basic Education:
This activity provides basic reading, mathematical, verbal and written communication, and other prevocational skills necessary to fill the gap between the present educational level of each individual and that level required for entry into the appropriate skill training component.

B. High School Equivalency Services:
This activity includes programs which offer basic eduation and other courses to prepare individuals for the GED (General Education Development) exam, of which a passing score constitutes a high school equivalency certificate.

VI. CAREER ORIENTATION:
This activity provides a structured exploration of interests and abilities of individuals in relation to the working world. Generally speaking, this is a short-term intensive procedure which exposes individuals to various careers, opportunities in the job market, and informs participants of the requisite training for obtaining a job in a chosen field. It is a mechanism for assisting individuals in making a career choice. This component may be developed as a secondary activity.

VII. ON-THE-JOB TRAINING:
This component refers to training conducted in a work environment which enables individuals to learn a bonafide skill and/or qualify for a particular occupation through demonstration and practice. Such training may be conducted on a "hire first, training later" basis, or as placement with an employer distinct from the training organization. Training situations are set up to provide for the maximum development of the participant abilities to encourage his/her economic self-sufficiency.

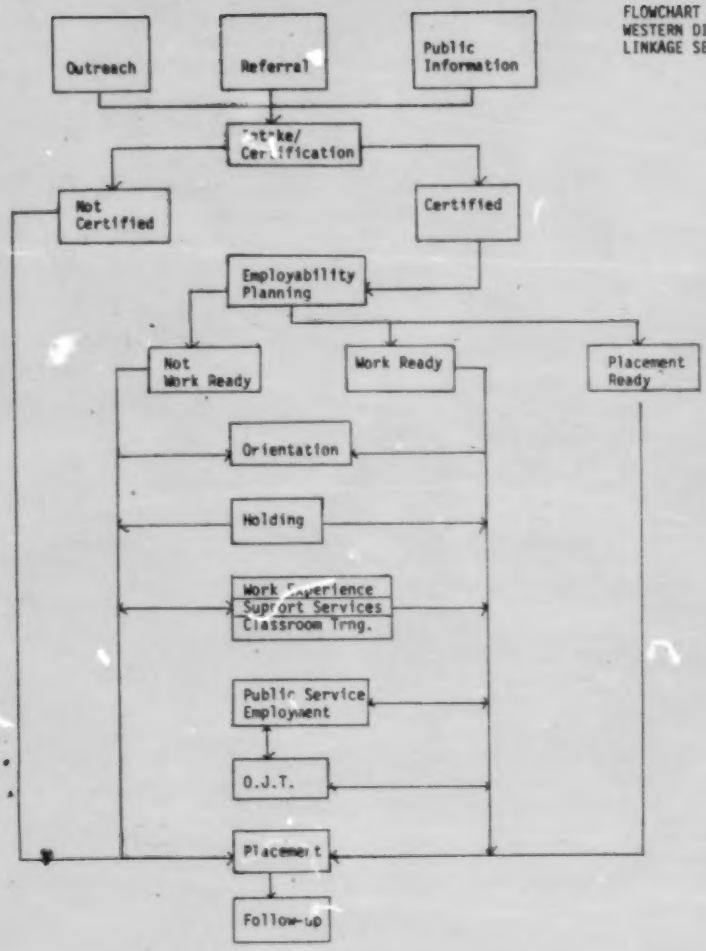
VIII. PUBLIC SERVICE EMPLOYMENT:
This program activity is subsidized employment with public employers and private non-profit employers which provides a needed public service and transitional employment for the PSE participant.

IX. YOUTH PROGRAMS:
This component provides meaningful work experience to school age youth including at minimum, Career exploration, Work experience, and educational development.

X. JOB DEVELOPMENT/PLACEMENT/FOLLOW-UP:
This component provides: direct employer contact to solicit or create job openings on behalf of manpower program participants; assistance to participants in obtaining permanent unsubsidized employment by referrals to job openings; job creation; and a mechanism of checking participant status 30, 60 and 90 days post manpower program termination.

XI. EVALUATION & MONITORING:
Monitoring is a vital manpower function which checks the ongoing progress of CETA programs and their compliance with regulations and objectives. Evaluation is the final process of determining the outcomes, benefits, criticisms and insights gained from a meaningful look at manpower operations. It provides a vehicle for evaluating and improving manpower services.

FLOWCHART for
WESTERN DISTRICT
LINKAGE SERVICES



Mr. OPFER. A number of actions which could be taken would be to change prime sponsor eligibility to allow for combinations of rural counties previously excluded from prime sponsor eligibility. Another more specific kind of suggestion would be, as the question just raised in the case of title III youth projects, it would seem that the prime sponsor should have the authority for approving projects. Approval authority is now vested with the Department of Labor.

Fifth: CETA eligibility should be uniform among the titles and should be changed to allow for participation by the working poor. A recent case example that we have had is a 35-year-old female head of household with three dependent children receiving no welfare support; receiving $155 per month in child support from her former husband; working part-time nights with income from this job less than $70 a week. This person is presently ineligible under title VI for services while a college graduate without dependents and presently unemployed is eligible.

Sixth: CETA legislation should allow, at the prime sponsor's discretion, payment of the State minimum wage to in-school youth and out-of-school youth under age 18. The present situation with the payment of the Federal minimum wage to these youth has caused undue conflict with other employees of worksites.

For example, youth employed under CETA are paid approximately 89 cents per hour more than other youth employed in the same worksite regardless of their job requirements or their previous skills. Similarly, CETA youth presently are paid 45 cents per hour more than adults who are paid the State minimum wage and who in some cases are responsible for supervising the CETA employees.

Low-income people want good jobs.

Senator NELSON. Excuse me. By the way, you have about 3 more minutes.

Mr. OPFER. Yes; I'm just finishing.

Senator NELSON. I mean both of you together.

Mr. OPFER. Oh, both of us?

Ms. TRYON. Oh, that's going to be a problem.

Mr. OPFER. Oh, I'm sorry.

Senator NELSON. You each were given 15 minutes?

Mr. OPFER. It was our understanding we each had 15.

Senator NELSON. All right.

Mr. OPFER. OK. In order to be successful, CETA needs to have a commitment to really solving the employment needs of low-income persons and a realization that to solve such problems are not easy, quick to be achieved or inexpensive.

Thank you, and I'll turn it over to you. I think we each have 15 minutes. I certainly hope so.

[The prepared statement of Mr. Opfer follows:]

PREPARED STATEMENT OF LEROY OPFER

Senator Nelson, my name is Leroy Opfer. I am the Executive Director of the Coulee Region Opportunity Council, a Community Action Agency serving four primarily rural counties in western Wisconsin. We have operated manpower programs funded by the Economic Opportunity Act and the Comprehensive Employment and Training Act since 1967. Currently we operate outreach services, work experience, career training, and public service employment programs funded under Titles I, II, III and VI of CETA. I am also Chairman of the Western Area

Manpower Planning Board, an advisory body to the Balance-of-State CETA prime sponsor for a seven-county area in western Wisconsin.

My testimony today will cover two areas. First, experiences which we have had in western Wisconsin with the coordination and integration of CETA programs and, secondly, recommendations for changes in CETA legislation based on our experiences.

Nearly two years ago those of us who were operating CETA programs in western Wisconsin and others serving on the Area Manpower Planning Board realized that for us the real promise of CETA for integration, innovation and decategorization was not being realized. We saw a situation in which the need of programs to have full enrollment, to meet placement and cost standards, and to be refunded were given priority over the need of unemployed persons to get and to keep good jobs. This is the situation which existed in western Wisconsin and it is my personal belief that this is the situation that currently exists in many other areas today.

It is not really surprising that such a situation is likely to exist. The Department of Labor and in turn the prime sponsors have expected each major component of the CETA system, i.e., work experience, classroom training, on-the-job training, public service employment, etc., to be measured according to the same general indicators. One such indicator which has been given far more weight than others is indirect placement.

Taking just one minute to look at a hypothetical situation involving this indicator, its simultaneous application to just two components, and the impact which such application has on integration and services is revealing.

Situation: You are the operator of a work experience program. A low-income person with no real job experience is enrolled by you in work experience as an aide working in a county-owned nursing home. After several months the person decides that he would like to pursue a career as a nurse. To do so would require that the person obtain additional training. The most logical action would be to transfer the individual to an appropriate CETA classroom training program and afterword to Job Service placement. Sounds great, but to do so would not be a placement for you as the work experience operator and a low placement rate has been construed as poor performance which could result in the defunding of your program.

As the work experience operator what would you do? Regardless of your action, I think that it is clear that such a situation does not promote coordination and integration of program components.

Fortunately for those of us working in western Wisconsin a sufficient level of trust existed between program operators and the members of the Area Manpower Planning Board to allow us to openly and honestly examine this situation.

Our examination showed clearly that each program component was able to meet a special type of need, but that in isolation any one component was seldom able to address all the employment needs of the unemployed person. We realized that a linked approach focusing on the needs of the individual would be more effective and would make a lot more sense to the participant. The measures of effectiveness would be applied to the entire system rather than to isolated components. Such a system is now in place and working. A detailed explanation of the Linkages System is included as an attachment to this testimony.

I believe that such a client-centered case management approach which allows program components to be operated by organizations other than the lead case management agency, yet integrating operations into a comprehensive system is a significant improvement over the old categorical program model which still predominates under CETA. It certainly is an improvement which would not have been possible without the flexibility which remains in CETA.

Incentives for such comprehensive integration should be included under new CETA legislation. Administrative actions by the Department of Labor and the prime sponsors, such as the situation previously mentioned involving indirect placement, which inhibit coordination and ultimately hurt unemployed low-income persons should be restricted legislatively.

Although CETA is one of the most accepted pieces of legislation in recent history, I believe that a number of other changes could significantly increase its effectiveness in meeting the employment needs of low-income persons and at the same time reduce the administrative burden on program operators.

First, CETA changes should allow for significantly increased involvement in the private sector. The vast majority (85 percent or more) of good jobs are found in private business and industry, but nearly all existing employment and training

activities allowable under the legislation are restricted to the public sector. At this point public sector jobs are glutted. Jobs which are being created in the public sector frequently have marginal significance. Low-income persons are being taught few skills which are transferable to private sector jobs, and in some cases the only function performed is that of income maintenance. If efforts to place poor people in good jobs are to continue successfully on an expanded basis, private sector involvement is essential. Specific steps which should be taken to achieve this goal include:

1. allowing work experience placements with private for-profit employers.
2. authorizing the funding of business development efforts designed to create jobs for low-income people.
3. providing tax incentives to private employers hiring CETA participants,
4. allowing private for-profit employers to be eligible operators of CETA programs, and
5. strengthening affirmative action efforts.

Second, citizen participation in the planning, operation and evaluation of CETA programs should be strengthened. This is particularly ture of participation by low-income persons and private sector employers who are the ultimate consumers of CETA services. It is also true of community-based organizations including labor which represent significant groups of the CETA constituency. Such participation should be at all levels where significant decisions regarding CETA programming are made. Such participation must be backed up by sufficient training and support to insure that participation can be meaningful. Incentives should also be included for hiring of CETA eligible persons in staff positions with agencies and organizations receiving CETA funding.

Third, CETA's flexibility needs to be increased to allow for greater innovation in developing local programs which effectively meet local needs. It is my understanding that the concept behind the original CETA legislation was to provide for such flexibility. I believe that the only title of the Act which is currently consistent with this laudable concept is Title I—the title which has proven to be by far the most effective in our area. I believe that the additions to Title III and the great expansion of Title VI have proven to be a far less effective and have added tremendously to the administrative burden of program operators. I believe that these recent changes have legislated duplication within the CETA system, have lessened public acceptance of CETA, and have resulted in the continuation on CETA payrolls of persons who otherwise would have been placed. To deal with this situation and to increase flexibility the number of CETA titles should be reduced reversing the recent trend toward legislation of categorical programs within CETA. Funding for such activities as Public Service Employment and Title III Youth Comprehensive should be transferred to Title I. Items like the Title IX Older Americans Act senior employment program should be included as an eligible activity under Title I rather than be added as a separate CETA title. Employment of in-school youth age 14 and over should be allowed at the prime sponsor's discretion with programs serving this in-school population exempt from the Department of Labor's placement criteria.

Fourth, the funding and decision-making process regarding CETA programs should be streamlined. The decentralized approach to manpower programming, which I support, has resulted for those of us in Balance-of-State areas in a very cumbersome and time consuming process. For example in the case if Title III Youth Employment Projects a program operator in western Wisconsin must have a grant proposal reviewed and acted on by four advisory committees and boards in addition to state staff action and action by the Region V office of the Department of Labor. This is of course in addition to review and action by the grantee's own governing board and advisory committees. For our agency there are at least five more layers to go through in order to have a youth employment program funded today than there were five years ago when Neighborhood Youth Corps Program were funded directly to program operators by the Department of Labor. To correct this situation, several steps should be taken. Prime sponsor eligibility should be changed to allow any combination of contiguous rural counties with a combined population of 100,000 or more to be designated as a prime sponsor area without requirements as to minimum populations for the largest political jurisdiction included.

In those cases where no single political jurisdiction has a population in excess of 100,000 or more a manpower council should be designated by all counties involved to serve as the applicant to the Department of Labor for funding. Such a manpower planning council should be incorporated as a private nonprofit organi-

zation with council membership composed of public officials, private employers, low-income persons, and service delivery agencies. Such planning councils should be prohibited from operating programs. Again, reduction in the number of CETA titles, expansion of Title I, and a reversal of the trend toward categorical programs would be positive steps in relation to this goal as well.

In the case of Title III Youth Projects the very minimum step which should be taken is to vest project approval authority with the prime sponsor rather than with the Department of Labor.

Fifth, CETA eligibility criteria should be uniform and changed to allow for participation by the working poor under all CETA titles. Persons working full time or part time with annual incomes below the poverty level should be eligible for Title VI programs. Eligibility definitions should be consistent between titles. A brief look at two real case examples will help to show how unfair the present systems is.

First: A 35 year old female head of household with three dependent children, receiving $155 per month in child support works nights cleaning. Income from this job is less than $70 per week. She is ineligible for Title VI.

Second: A recent college graduate with no dependents had an income last year over $750. He is eligible for Title VI.

Sixth, CETA legislation should allow, at the prime sponsor's discretion, payment of the state minimum wage to in-school youth and out-of-school youth under age 18. The present requirement of paying the federal minimum has resulted in unnecessary conflict between CETA enrollees and other employees. A youth employed under CETA currently makes 89 cents per hour more than other youth employed in many work sites regardless of their relative experience or job requirements. Similarly CETA youth presently are paid 45 cents per hour more than adults who are paid the minimum wage and who in some cases are supervising the CETA employee.

Low-income people want and need jobs. CETA has the potential of meeting this need if changes can be made to really open the private sector market of good jobs to CETA involvement: if business development activities can be supported; if employers and the unemployed can be effectively involved in manpower program development; if CETA can be streamlined in order to provide a more efficient administrative structure; and if CETA's intended flexibility to allow for local program development can be enhanced. In order to be successful CETA also needs a commitment to really solving the employment needs of low-income persons and a realization that solutions are seldom easily, quickly, or inexpensively achieved.

Mr. Chairman, I thank you for this opportunity to present testimony.

Ms. TRYON. Did that debate end up with me having some time, too?

Senator NELSON. Yes.

Ms. TRYON. Good. Rosalie Tryon, executive director, ADVOCAP, Inc., and I'm presenting testimony today on behalf of ADVOCAP. I'm also a member of the State Manpower Services Council, chairman of the State manpower policy committee, a member of the conservation works project board and for the last 10 years have spent a third to a half of my life in this frustrating world called CETA.

I would like to strongly support the reauthorization of CETA but I think it needs a substantial amount of reform and modification. I would like to present some of my recommendations on how CETA might be improved.

First, I would like to say CETA is a commitment national Government must make. Employability in a job is the only way out of poverty for people. Providing them with actual jobs and wages and training to get there is absolutely essential. However beginning with that good idea, we do end up with some strange ways of carrying it out.

You would think sitting at every conceivable level of decisionmaking, from a provider, through all the decisionmaking councils, I might have an ever-present opportunity to impact on it accurately. I find that that is not the case. I guess I find the experience either exciting or

absurd, depending on which day it is, and would like to share with you some of my commentary and some of my recommendations.

My testimony will essentially be in three different layers. The first one is on supported work which I'd really like to discuss at some length. The second is generally on CETA and the third is on improvement strictly at the prime sponsor level that should occur pretty promptly.

Supported work is a national demonstration that has been going on for 3 years. To my knowledge it is the very first thorough demonstration. It is very carefully designed, very carefully tested, very carefully researched, and will, in fact, provide new knowledge and full accountability on just how cost effective it is to take people who are absolute losers and enable them to become winners. We run 1 of 15 national pilots funded by MDRC (Manpower Demonstration Research Corp.) which is funded by the Ford Foundation and a coalition of six Federal agencies. The unique thing is that they have built in the expertise that seriously enables you to do a job very well in job creation, in getting into providing goods and services that a community needs and wants. The concept is called double social utility. You take the throwaway people nobody has any use for and the throwaway work and combine the two together and create new jobs. Lastly, it becomes very economical. This national program centers on people CETA bypasses. They are the kind the employer will not take free. They are people who are ex-addicts, ex-offenders, AFDC mothers who are long-term and have been on aid for 30 out of the last 36 months with older children which means they flunked all systems, and juvenile delinquents.

In Fond du Lac we have piloted a target group that I'm glad to see now in the legislation, people with mental and emotional problems who have been institutionalized a long time, and that's an interesting group you should understand because it's essential CETA have the capability of concentrating on that layer as well. If a person has been institutionalized in a mental institution for a long time, with today's medication, they reach a point where they get better and everyone says, "Good luck, you need a job." Then they go out and hear "what's your experience?" They say "I've been in Winnebago for a long time" and employers say, "I'll call you." Eventually if they wish to eat, they throw away their meds and go back in the revolving door, go out again and try to get a job and once again nobody will employ them.

The supported work program can provide intervention, can give them a work history, can design extremely careful structures to position people where they will succeed because it's designed to enable them to do so. They "graduate" from supported work with work experience and effective know-how to be a good worker as opposed to just having a set of skills.

Incidentally, most people are fired because they don't get along, because they're late, because they're not there, because they can't take orders. Once they learn to be good workers, they can apply this in any field.

Supported work is now in the legislation, particularly the research and development section, and I'm delighted to see it. Senator Nelson, you particularly must be enjoying this week when supported work will begin another layer of implementation here in Wisconsin with community action agencies.

I would like to point out some very specific recommendations for that section 311. There the language supported employment—supported small letters—is authorized. Supported employment can begin to mean something, anything, or nothing as people catch on that this is a marvelous bunch of words to use to call whatever it is you're doing. Supported work, in fact, means something. It means a low-stress environment with graduated stress. It means low-productivity beginnings. It means job creation as opposed to chasing every diminishing public service light. It means enabling you to work with private business. It means peer group support. It means immediate reinforcement for good behavior which works very well. It means that you can take people with zero probability and turn out 25 to 35 percent successful placements (nearly all in private business). It bends a number of rules. It permits a number of waivers.

My written testimony will have some awfully explicit language, but the main things that I'd like to recommend is that where it says the "Secretary is authorized to fund supported work," I certainly feel the language should be strengthened to say "the Secretary shall, will or must, do so because after this long a test, it is high time we made a real commitment."

Additionally, the words "supported employment"—in small letters—probably should be called supported work—in capital letters—and insure that it is connected with the national design that is so well done as opposed to any kind of random actions.

The new CETA target groups now include people with emotional and mental problems. We're pleased to see this group included, but the draft legislation omitted ex-offenders and ex-addicts who are again very much present in the underclass. Those words should be corrected.

We also think there should be the provision now for several years' funding on the existing programs so that program operators who are dealing with private business and sick people in a complex program don't have to wonder from month to month what next year will be but should be enabled now to build to larger participation.

I should like to comment that the participation of the Department of Labor, particularly Fritz Kramer, has been phenomenal. For the first time in my service, I have seen Federal agencies join on a common agenda and buy the whole package as opposed to little bits and pieces. I would also like to comment that CETA (through our prime sponsor) does support the program but finds it very difficult to do so because this odd program doesn't fit the forms in boxes quite as well as more conventional programs do, so from a funding—approval effective October 1, we have yet to get a complete contract because obviously we have an odd program with its odd people and odd results that does not neatly fit into categorical boxes on the forms. I'd like to point out that much of CETA occurs by what does fit well inside the forms.

I would like to urge that you really begin to study and understand fully the supported work program and the implications if the CETA language is very loose, and the very fine benefits if the language is tight enough to require those precise quality standards and really top, pro outfits operating programs.

I would like to support also that more indeed must be done, particularly with the private sector. The private sector is generally courted and acclaimed. Eighty-five percent of all the jobs are in the private sec-

tor; depending on whether you're charitable or not, 2, 5, 8, or at a maximum of 10 percent of CETA ever touches the private sector. There are real reasons—if you sit down and work with businessmen—they'll give you some of those real reasons.

A meeting yesterday with the chamber of commerce came up with the classic quote that the private sector—and this is from a chamber head—the private sector does not believe CETA rhetoric of involvement of the private sector. Past performance shows otherwise. It's an interesting thing. If you're a businessman, you have a great deal to offer. You have the jobs. You have the kind of training that explicitly prepares people for the job. Nevertheless CETA uses its resources to train people in the courthouse, the nurse's office, or city parks. If a person wants to be a florist, that's an interesting way to get there. A machinist is a very highly paid trade. People aren't going to learn the necessary skills in the courthouse basement. You must use private employers.

Nevertheless the legislation says contradictory things and so do the regulations.

We have had a recent experience with representatives of 2,500 employers meeting at length with us, a community action agency, and developing together a research model under the Governor's 5 percent that would enable a test of what happens if you meet private business on its own terms, and you cut the paperwork so they can do their work and you make it possible for them to train a disadvantaged person in order to provide him skills and training. The research design was a very small but thorough one. It was to test and compare the difference between present CETA use and one heavily based on the private business wants and needs. Of those 2,500 employers, less than 100 are now connected with CETA. That leaves 2,400 who are not.

Business said they can and want to be used. They have something to offer but they really don't have the time to play the games. Project opportunity is an interesting story of what happens. The legislation is very clear that the Governor's 5 percent may be used for innovative and experimental means of getting the private sector involved in a new way. Nevertheless there's a line that—if you read the legislation long enough—says, "but you may not subsidize up to 100 percent". The State manpower council approved this R&D program enthusiastically and by vast majority. Our local prime sponsor staff objected vehemently to this new program and after 39 days of the Department of Labor changing their minds regularly, we got a final ruling 2 days ago that says they will rule and prohibit this funding.

The private sector's people ask, "What is it you want to know?" If the only thing you may test is what you have already done, if you are clearly unwilling to test new methods to get new knowledge, then perhaps this is a large joke called, "Let us say it but let's not believe it."

The State manpower council is now figuring out how to reallocate that money and the private sector believes less than it did the day before that you care to know what it takes for private business to correct with CETA.

We called the project "opportunity." I think we will not any longer.

I guess I'd like to make some other comments on CETA in general. When you say local control by the local prime sponsor, the emphasis should be on control. It is very definitely a system that is very busy

and very big because most of the money is in the public service employment which is aimed at people who are merely out of a job. Lesser attention, lesser effort, lesser funds, and lesser concern, is placed on the disadvantaged and yet they are the ones who charge society with the greatest social cost.

One way or another we will not let people starve. If we will not permit them to work, then we will feed them. We will feed them on welfare.

Most prefer to work. Title I for the disadvantaged segments fares badly. Public service employees who are often college graduates, get extensive CETA help for 12 months although their problem is essentially unemployment. The disadvantaged person has 6 to 8 weeks to overcome multiple barriers work experience because—I agree with Roy—prime sponsors are "scored" on how many are placed and are expected to place large numbers. So the more problems people have, the fewer dollars are allocated and a lesser amount of time is permitted to overcome them.

Actually helping poor people to find jobs is not necessarily the cheapest way and the Department of Labor reinforces consistently that "Cheap is good! The less you spend on administration, the better."

Now, theoretically people who go through work experience or another beginning step should be just right for those PSE jobs, but very often local governments believe that the major purpose of CETA is to balance county budgets. It is my opinion that local prime sponsors' staff very definitely support that. If that's the case, the jobs are designed by what the local governments need. They rarely fit what will benefit poor people and so here you have a stack of people that really need jobs and a stack of jobs and, strangely enough, they don't match because they are not designed together.

We should reverse that system and use this entire tool of CETA to help people leave poverty because that's bound to be the best bargain for them, for us, and the United States.

There are some interesting tricks of the trade as well. Strange counting occurs and counting is very, very important in all of CETA. Let me give you one example. A CETA participant can be placed in a nonsubsidized job, work 1 day, quit or be fired and the next day be reenrolled in the same program. This results in the program counting two people served; one placed, one still in training. Yet the person who created all these numbers is still unemployed, still poor and still nowhere.

The quality of what has happened to people is never measured. We ask how many people we put in how many boxes. We rarely ask whether they should have been put in a box at all, or whether it's the appropriate box, and whether they'll be better off when they leave the box. It's a very difficult task and yet there ought to be a scoreboard in the sky somehow that measures "have people now acquired a salary sufficient to support themselves? Has CETA resulted in a job that is good enough that they can keep it or are we just chasing them around?"

Despite my very strong recommendations for some change, I do believe that CETA is the tool that we must use.

Another aspect I'd like to point out is that a citizen's opportunity depends on where they live. We serve in the prime sponsor area and in

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the Balance-of-State area. The treatment of people is different. I sit on the State manpower council. We make very good policies. Their intent is to develop policy positions on helping people reach full employment. All policies may be ignored by all prime sponsors and frequently are.

When the manpower council meets, it's 34, 35 people. Secretaries send representatives. Prime sponsors send their staffs. It has become a heavily staffed organization. We could declare policies next week profoundly and unanimously and the week after they may or may not be implemented in any local level. I think you must strengthen the role of the Governor and the S.M.C. if you plan to get real serious manpower improvement.

I think the real attention of CETA is being paid to the vast bulk of money called title VI public service employment. It is not being directed at the poor. It could be. The benefiits could be triple what they are now, perhaps hundredfold what they are now, if anyone took that seriously. The community action agencies, community-based organizations are there and have been there long before CETA and will continue to be there. They are essentially excluded to a large degree in decisionmaking. In our prime sponsor area, the planning council was reduced from 30 to 15. The most experienced manpower-involved people who represent a constituency were excluded.

Let me explain how that works. The representatives of veterans is a county employee called veterans service officer. The representative of the poor is the city relief director. They are excellent representatives of local government. They are not representatives of the constituency nor connected to it. I think someone should pay attention to whether the things you write in the law are being carried out. I find that that is not always so.

[The prepared statement of Ms. Tryon follows:]

PREPARED STATEMENT OF ROSALIE L. TRYON

I am Rosalie Tryon, Executive Director of ADVOCAP, Inc., a Community Action Agency serving Fond du Lac and Winnebago Counties in Wisconsin.

I would like to express my real support for CETA reauthorization and to offer comments and recommendations on means to make this critical National legislation more effective in dealing with problems of employability of the poor.

The poor leave poverty only when they have the means to attain self-sufficiency . . . a good job is vital. CETA offers the potential route to getting, keeping and holding that essential job. The tool of CETA needs considerable refining and it must be made to work.

Since 1966, I have been immersed in the many layers of Manpower and CETA development and implementation. The experience is profound and absurd, inspiring and frustrating as a most complex system attempts to translate the beautiful philosophy of CETA into effective action that works.

As Executive Director of ADVOCAP, I represent and respond to a constituency of poor people, in which our agency is an advocate, a provider of services, a contractor of a major National pilot called Supported Work. I serve on the Governor's Manpower Services Council as a public member, and am chairperson of the Wisconsin Manpower Policy Committee, President-elect of the WISCAP Directors Association, and chairperson of the WISCAP Manpower Committee. I serve as a public member on the Conservation Works Project Board of Wisconsin, and during the last decade have served continuously on CAMPS, Area Manpower Planning Boards, manpower development committees and planning councils. With all layers of involvement, it would seem that affecting the precision of the tool would be ever-present. Yet, the linkage and communication and flow of administration from the CETA Act to the decisionmaking process at the local prime sponsor level permit each major step forward to be regressed with

two steps backward. The challenge to all of us must be to make CETA do what it says it will . . . assure opportunities for employment and training to unemployed and underemployed persons.

ADVOCAP, Incorporated supports the reauthorization of the Comprehensive Employment and Training Act for a minimum period of four years. A maximum time authorization is needed so that phased programming can be developed to meet the manpower needs of the Nation. This paper contains two major sections which discuss short-term as well as long-term recommendations.

First is a specific discussion and recommendations for the inclusion of the Supported Work concept and strategy into the CETA reauthorization.

Second is a more general discussion and recommendations regarding the Act in general with emphasis on the need: to separate countercyclical from structural measures; to place a greater emphasis on structural efforts targeted toward the disadvantaged; to provide for more qualitative measurement of CETA programming; and to further clarify the roles of key actors in CETA.

I. Supported Work Program—Major DOL Demonstration Effort. ADVOCAP, Inc. strongly supports and endorses Section 311: part B—research, training and evaluation, especially subparts (a) through (c). With the agency's long history of operating traditional manpower programs such as adult work experience and of its recent planning, developing and implementing an innovative demonstration manpower project, ADVOCAP recognizes the needs to develop and improve employment and training programs, to ease the transition from income transfer payment dependency to employment, and to provide special Supported Work environments for the difficult to employ. ADVOCAP proposes five specific recommendations regarding this Section. However, before presenting these, it is necessary to discuss the background of our current involvement in an innovative manpower research project called Supported Work.

In 1975, the Department of Labor joined with five other federal agencies and the Ford Foundation to form the national private non-profit Manpower Demonstration Research Corporation (MDRC) called Supported Work Program (SWP). ADVOCAP, Inc. was one of 13 sites across the nation selected to operate an SWP. This project was set up to test the concept of how to successfully employ severely disadvantaged persons and provide them opportunities to do meaningful community work, gain useful work habits and skills and increase their prospects for securing a job in the regular labor market, thereby reducing their dependency on the welfare system.

SWP places these marginally employable persons in low-graduated stress, newly created jobs for a transitional period (up to 18 months) after which a certain percentage (25 to 45) secure an unsubsidized job in the regular labor market. A low stress environment is built into Supported Work through peer group support, careful and regular feedback from the supervisor, and relatively low initial productivity demands on-the-job. Graduated stress is fostered by increasing the productivity demands, making it increasingly more difficult to earn a raise or bonus, and by gradually being less tolerant of tardiness and absenteeism. Hence, the five major elements of the supportive work environment are:

1. Low-graduated stress.
2. Peer group support.
3. Clearly defined tasks and responsibilities.
4. Advancement and reward mechanisms.
5. Recognition of special needs of the target populations.

Essentially, SWP combines four unique goals:

1. Changing the behavior of the most severely unemployable potential workers into acceptable, successful work habits that private employers buy;

2. Doing the needed, useful, and socially desired community work that until now has been universally acclaimed but largely undone;

3. Integrating public and private, local, state and federal funds into a single cohesive and thoroughly integrated package that does a big job without any of the duplication and gaps that are endemic to "patch and piece" normal funding systems; and

4. Creating new jobs and new business ventures that provide new work instead of chasing the ever-diminishing public sector slot.

In a number of ways the SWP presents a different approach to traditional manpower services. The overall concept itself is uniquely different and the tools and methods of applying this concept are beyond those currently used in traditional manpower programs. To a fairly large degree, standard manpower programs focus on giving enrollees work experience and training, usually for

entry level positions. The SWP concentrates on developing the employee as a better worker for any position. The employee develops good work habits which are then promptly rewarded with appropriate bonuses, incentives, promotions, etc. Establishing new jobs in the community is also another way SWP departs from existing manpower programs. These new jobs provide meaningful work for employees. Further, creation of these jobs permits previously undone but needed work in the community to be accomplished.

Early results of the national SWP are promising. For example, of the 5,006 graduates of the project, a total of 1,301, almost 25 percent have secured permanent jobs. Supported work graduates also have received higher salaries. For instance, welfare mother participants earned seven times as much money as a comparable group of mothers outside the program. Another example, the average earnings over a nine-month period for a group of ex-offenders, ex-addicts and youths was $3,330 per person, compared with the average earnings of $1,298 among a similar group of 335 non-participants during the same time span. The cost effectiveness of this strategy, its ability to reduce dependency on public funds, and its social benefits to participants and society make this an approach which warrants further support. Attachments A and B describe in more detail the program, its concept, major elements, and preliminary results.

The original pilot sites have been operating SWP for over three years now. These sites have been testing the Supported Work concept, gathering data on the project's overall costs and benefits and impacts on severely disadvantaged persons. Throughout these three years the demonstration was based on a carefully thought out design to derive new knowledge in manpower programming. This design required that the demonstration be carried out in a systematic manner with the concept being tested and replicated in phases and based on the knowledge gained from earlier stages. From this beginning new knowledge, the SWP model is now being tested on an even larger scale. The Wisconsin Community Action Agencies, through major financial support from the Community Services Administration, will be joining together with the Department of Labor and MDRC for this next phase. In April a number of new projects will be selected in the State of Wisconsin to begin operations no later than September. Also in this phase MDRC is ensuring that the integrity of the SWP concept and its research design will be continued and will be assisting local areas in planning, developing and implementing these new projects.

Section 311 authorizes research and demonstration programs such as Supported Work. ADVOCAP's recommendations regarding these are intended to strengthen what has been shown to be a highly successful federal project led by the Department of Labor. They include the following five:

RECOMMENDATION NO. 1

That the supported work continuing expansion occur and be directly linked with the current national demonstration being administered by MDRC.

Rationale.—It is essential that the Department of Labor build upon what is already being done in order to greatly enhance the prospects for higher quality manpower programming. Also, it is important that the additional Supported Work Programs consist of highly rigorous program designs linked to the national model, instead of sporadic individual projects beginning in many parts of the nation. MDRC is the organization responsible for keeping the initial demonstration intact and for guaranteeing the integrity and progress of the research. Under the guiding philosophy and continued leadership of MDRC, uniformity on the necessary research and program criteria is assured but flexibility is allowed in other areas to encourage the demonstration aspects.

RECOMMENDATION NO. 2

Alter Section 311, subpart (c) the words "supported employment" to "Supported Work."

Rationale.—Encouraging proliferation of a wide variety of "supported employment" projects may only confuse the results of the "Supported Work" national demonstration project and may seriously weaken the prospects for improving the manpower programming of the 1970's and 1980's. The significance of the planning and implementation of the Supported Work national demonstration was that it could test and compare the cost effectiveness of this particular form of social intervention and the viability of such a project for actually reaching the hard-core unemployed. While the more conventional CETA treatment

is effective for many of the disadvantaged, the underclass has not been significantly reached. This demonstration project is accomplishing that aim.

RECOMMENDATION NO. 3

Alter Section 311, subpart (c) the words "The Secretary is authorized to conduct" to "The secretary shall conduct . . . ."

Rationale.—Since early results document the overall positive impact of this Supported Work project on the severely unemployable, a clear commitment from the Department of Labor is now essential.

RECOMMENDATION NO. 4

Alter Section 311, subpart (c) by adding, after the list of unemployed persons, the target groups: ex-offenders and ex-addicts.

Rationale.—These populations are among the chronically dependent, hard-core unemployed which CETA must focus its research and demonstration efforts on. These severely disadvantaged persons are also part of the current supported work demonstration and therefore should be included.

RECOMMENDATION NO. 5

That Congress authorize and appropriate funds specifically for the continuation and staged expansion of the national Supported Work demonstration.

Rationale.—Assured funding beyond a year would give both the local program manager and the national program manager the ability to plan in advance and develop a long range planning capacity which will not otherwise be possible because of the year-to-year nature of funding of these projects.

II. CETA General: Four recommendations.

CETA, while beneficial, does need improvement. Within the CETA Act there are four major areas which ADVOCAP recommends for attention as reauthorization proceeds. From the perspective of a Community Action Agency (CAA) which has substantial experience in the manpower field, ADVOCAP makes the following recommendations regarding the CETA reauthorization:

A. That countercyclical measures be separated from structural measures in the Act;

B. That greater emphasis be placed on structural unemployment strategies to more effectively meet the needs of the hard-core unemployed disadvantaged;

C. That qualitative measurements be incorporated into CETA programming so that program effects on the people served can be measured; and

D. That the roles of key actors and CETA, i.e., Community Action Agencies, and other community-based organizations, state government, and prime sponsors, be further clarified and specified.

CETA must deal with both structural and cyclical unemployment problems, but it is essential that the two purposes of the Act function as separate elements because they represent different strategies for different people with varying problems.

The countercyclical role of CETA is acknowledged and accepted. When the business cycle is on the down swing, the need for jobs for persons who would normally be employed during more favorable economic conditions is great. CETA, through Public Service Employment (PSE) funding, provides employment opportunities during unfavorable economic times.

It is the structural role of CETA which is the heaviest concern to many CBO's including Community Action Agencies like ADVOCAP. Both the problem itself and the strategy needed to attack structural unemployment differ significantly from countercyclical measures. Structural unemployment represents the greatest overall cost to society in lost production and productive capacity, decreased self-sufficiency, increased public subsidy costs, and wasted people.

To combat structural unemployment, a sound, comprehensive and unified policy is needed. Although the roots of structural unemployment are the most difficult to combat, the social and economic costs are too great to continue ignoring the problem. Many believe that the best strategy to use in combating structural unemployment is the development of separate policies and administrative procedures from those used in dealing with the countercyclical problem.

Specifically, the CETA reauthorization needs to consider which method(s) will separate structural from countercyclical measures without further categorizing and stratifying existing CETA law. The measures which need to be

considered include separate staffing, separate organizations to handle funds, and/or separate funding and administration for the two purposes of CETA. The eligibility requirements and formulas of distribution for the two purposes also may need to be different. Simply stated, countercyclical and structural unemployment are different problems requiring different methods to resolve.

Care and concern for people as human beings is lacking in the present CETA system. For persons who are only temporarily unemployed because of a poor economy, the present system may be satisfactory. Most of these people will again find full-time employment when the economy is stronger. But for people with barriers preventing them from finding employment, the present system is of limited assistance. Currently, CETA is primarily concerned with numbers of "slots," costs per slot, and administrative overhead. The emphasis on criteria such as these actually decreases services to the severely disadvantaged since the disadvantaged are not so cost-effective to serve. Such criteria also promote skimming or creaming so that prime sponsors, etc. can "score" numbers for reporting purposes.

B. That greater emphasis be placed on structural unemployment strategies to more effectively meet the needs of the hard-core unemployed disadvantaged.

The chronically dependent populations have many more barriers to employment and therefore require special supportive CETA services, such as transportation, child care, medical assistance, etc. Also, these hard-core unemployed often remain unemployed simply because they have given up ever finding a job and are no longer even in the job-seeking market. Hence, the CETA system must demonstrate more flexibility and sensitivity towards human needs.

CAA's are acknowledged representatives of the poor and disadvantaged because CAA's are constituency based and human services are their business. CAA's have sensitive Outreach along with the interest and capacity to develop new program ideas which are targeted towards severely disadvantaged persons. CAA Outreach efforts have been developed to deal effectively with the special problems of the disadvantaged which hinder many from even gaining unsubsidized employment. Transportation, child care, medical assistance, etc. are all barriers to employment which CAA Outreach seeks to eliminate.

One core issue which necessitates the separation of countercyclical purposes from structural is that the primary mechanism for countercyclical efforts is Public Service Employment stressing employment not training. At the same time, to reduce structural unemployment, training and skill development are primary requisites. Although training and skill development are time-consuming activities, current CETA law does not allow participants adequate time to build the necessary skills needed to gain unsubsidized employment. For example, on PSE, an unemployed college graduate or an unemployed aerospace worker has 12 months (soon to be 18 months if allowed) in which to gain an unsubsidized job.

At the same time, a person on Adult Work Experience—by definition a disadvantaged person with multiple barriers and lacking job readiness—is (through budget limitations imposed by prime sponsors) expected to succeed in six to eight weeks. In other words, current CETA regulations allow a job ready person 12 to 18 months to find unsubsidized employment while disadvantaged persons with multiple barriers and lacking job readiness are expected to gain new skills and unsubsidized employment within six weeks to six months. Finally, PSE jobs are not developed with the people who are available to fill them in mind, but instead for what employers (primarily government) want done. Often the people do not match well with the jobs and the jobs themselves hold no future except in government service at additional taxpayer expense.

Current CETA provides for eighty percent of the monies and attention to be spent on PSE, while only 20 percent are directed towards the severely disadvantaged. At the same time, cash transfer payments from government each year cost taxpayers more than 40 billion dollars annually—and the cost is increasing. To further complicate the problem locally, many prime sponsors are frequently out of touch with their disadvantaged constituencies. Neither the general public nor the disadvantaged have real access to participate in the planning and operation of CETA programming at the prime sponsor level. If CETA is to be successful in the local community as an economic tool, then access to many from differing perspectives is essential.

To effectively deal with structural unemployment, qualitative testing, research and measurement are needed all along the way. Currently CETA (DOL and primes) are preoccupied with counting numbers of people served, the cost per placement and administrative and service cost. Little or no attention is given

to program effects on people. On one hand, legislation such as the Youth Employment and Demonstration Projects Act of 1977 (YEDPA) authorizes "a large variety of innovative projects to explore the relative effectiveness of different approaches in assisting economically disadvantaged and other youth to complete high school, to enter the world of work, and to achieve job stability and advancement." On the other hand, DOL refuses to fund such a program idea locally by overruling a State Manpower Council decision to spend Governor's 5 percent funds on research. The local research project was designed to provide statistically valid information as to the effectiveness of private employment experience on disadvantaged youths' ability to gain and hold unsubsidized jobs.

The jobs research and demonstration project (Project Opportunity) had been jointly developed by three local Chambers of Commerce and the local Community Action Agency, ADVOCAP. If the current level of structural unemployment is to be reduced, then more dollars need to be spent on testing, researching and validating effective manpower delivery tools. To help with the development of these tools, DOL and primes must consider some of the worthwhile ideas being submitted by CAA's and other CBO's.

C. That qualitative measurements be incorporated into CETA programming so that program effects on the people served can be measured.

What kind of initiatives are needed? A basic issue yet to be faced by CETA is quality of effort. There is no CETA definition of a quality long term placement. Quality is defined as placement which enables the individual to begin moving out of economic poverty. This situation is reflected in the Department of Labor Management Information System which shows no regard for quality of program effort and the system encourages such inaccuracies as double counting of individuals served.

For example, one CETA participant can be placed in an unsubsidized job, work in this job for one day, quit or be fired, and then be re-enrolled in the same program again. This results in the program counting two people served, one placed and one still in training. Yet the one person who created all these numbers is no further ahead than before involvement with CETA.

What is needed is a system which concentrates on individualized training that effectively eliminates employment barriers, rather than a political hodgepodge of programs that encourage disadvantaged persons to become program dependent and hop from program to program. Replicable research, testing and demonstration projects are gravely needed if lasting solutions to structural unemployment problems are to be found. This research, testing and demonstration needs to be conducted on a number of levels consecutively, including both public and private funders with national, state and local project operators. Through these efforts, needed program information and experience will be gained. We very much support the research and demonstration efforts which have been outlined in Section 311.

D. That the roles of key actors and CETA, that is Community Action Agencies, and other community-based organizations, state government, and prime sponsors, be further clarified and specified.

A final and most basic issue the CETA reauthorization must face is the uncertain and unclear roles, responsibilities and intents of the key actors who function with CETA funds. The lines of communication which exist between disadvantaged constituencies, program providers, prime sponsors, State Manpower Councils, regional and national DOL and the language of the CETA Act do not match well. From the position of a relatively progressive and sophisticated CBO, ADVOCAP makes the following observations and recommendations about communications and role functions.

If CETA is ever to accomplish its intended purposes, strong support is required from the local constituencies be they general public or the disadvantaged population. Along with this direct support from the people is the continued support from CBO's like ADVOCAP and other CAA's which have long been involved with CETA and other manpower programming. The continued involvement of CAA's can be most valuable to CETA because CAA's have become effective demonstrated social tools which are accountable and cost-effective. Other CBO's like the Chambers of Commerce are often ignored by local prime sponsors. In Fond du Lac and Winnebago Counties, the area employers have commented, "we don't believe CETA rhetoric about involvement of the private sector. Past performance shows otherwise." The expertise and knowledge of private business can be valuable assets to aid CETA at all levels in becoming more effective and accountable.

At the State level, the State Manpower Councils and the Governor's special 4 percent and 5 percent funds remain essential tools necessary for broader statewide program and service development. Both the State Manpower Council and the Governor need to play important roles in State manpower policy development that counts. Now, all policy made at the State level can be ignored by prime sponsors. The Governor's State Manpower Council also needs greater flexibility to test the innovative ideas being sought to fulfill CETA and DOL knowledge plan goals. Many of these new and needed program ideas can be tested at State levels through the Governor's 4 and 5 percent funds as administered through the State Manpower Councils. Reductions of funding and restrictions on usage of the Governor's special funds reduces the States' ability to solve people's employment problems with significant impact on numbers.

For many CBO's, local prime sponsors seem to be the weak link between national policy and local needs. Communications and representation are at the core of concern which many CAA's have for prime sponsors. Although the Act requires prime sponsors to publish public notices of meetings, plans, etc., many primes offer only token public notification of intents and actions. Locally, larger, more regular and more widespread public notices are needed. Prime sponsors need to become more accountable to their constituencies of taxpayers and disadvantaged persons needing services. Public hearings are needed periodically so that primes can be accessible to the community and provide annual program accomplishment informaton to the public. None ever occur in our area.

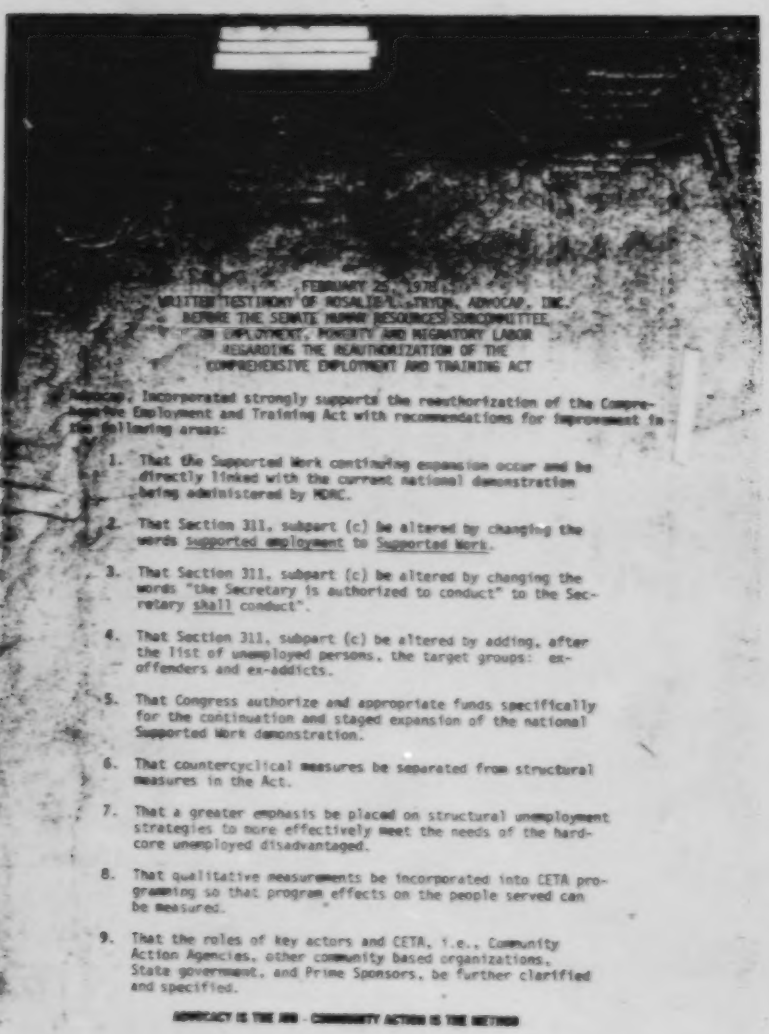
In this same vein of accountability, primes need to become more responsive and accountable in the actions of their key staff and policy board activities. Policy Boards composed of county board members who deal only with the elements of issues prime staff select and present may not reflect the needs of disadvantaged persons or the purposes of the Act. Planning Councils need more representation from public members including CAA's and other CBO's like Chambers of Commerce. These same councils especially need representation from the people served—the consumers of CETA services. The local prime sponsor reduced the planning council's size from thirty to fifteen and excluded many key actors in local manpower activity with no participation by the poor themselves. For example, veterans are "represented" by the County Veteran Director, welfare recipients by the City Relief Director. While they are fine government representatives, these people fill slots called "public participants".

The direction many prime sponsors are moving is towards control over all elements and to actually operating manpower programs locally. This is a dangerous move. Prime sponsors should be prohibited from being providers of direct manpower service programming. Duplication of existing local efforts and loss of perspective are two of the consequences by primes' involvement with direct service. Primes end up in the position of controlling funding allocation while they have great difficulty in neutrally comparing "their program" with any other providers.

Finally, minimum performance standards for prime sponsor key staff are needed. Currently, no professional standards are required to become the key staff person for a multi-million dollar consortium. Prime sponsor staff need to be held responsible to a policy board and a planning council, both of which are made up of a broad spectrum of community members including CETA participants, private business representatives and local elected officials in equal proportion. There needs to exist a natural link between planning councils and policy boards. Perhaps even combining the two bodies would be possible.

The CETA reauthorization holds the potential for greatly increasing the effectiveness of the Act in meeting the needs of the disadvantaged while at the same time remaining as an effective economic policy. We endorse CETA and recommend that the Act continually be examined to be refined and improved over time.

[Attachments to Ms. Tryon's statement follow:]



FEBRUARY 23, 1978

WRITTEN TESTIMONY OF ROSALIE L. TRYON, ADVOCAP, INC.
BEFORE THE SENATE HUMAN RESOURCES SUBCOMMITTEE
ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR
REGARDING THE REAUTHORIZATION OF THE
COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Advocap, Incorporated strongly supports the reauthorization of the Comprehensive Employment and Training Act with recommendations for improvement in the following areas:

1. That the Supported Work continuing expansion occur and be directly linked with the current national demonstration being administered by MDRC.

2. That Section 311, subpart (c) be altered by changing the words supported employment to Supported Work.

3. That Section 311, subpart (c) be altered by changing the words "the Secretary is authorized to conduct" to the Secretary shall conduct".

4. That Section 311, subpart (c) be altered by adding, after the list of unemployed persons, the target groups: ex-offenders and ex-addicts.

5. That Congress authorize and appropriate funds specifically for the continuation and staged expansion of the national Supported Work demonstration.

6. That countercyclical measures be separated from structural measures in the Act.

7. That a greater emphasis be placed on structural unemployment strategies to more effectively meet the needs of the hard-core unemployed disadvantaged.

8. That qualitative measurements be incorporated into CETA programming so that program effects on the people served can be measured.

9. That the roles of key actors and CETA, i.e., Community Action Agencies, other community based organizations, State government, and Prime Sponsors, be further clarified and specified.

ADVOCACY IS THE AIM - COMMUNITY ACTION IS THE METHOD

ATTACHMENT A

[From the Harvard Business Review, January-February 1978]

Harvard
Business Review

January-February 1978

Lucy N. Friedman and
Carl B. Weisbrod

A way to move welfare recipients into the work force

A work component will be a key ingredient of any welfare reform legislation ultimately enacted by Congress. Under current Carter administration proposals, able-bodied single adults, at least one adult in two-parent welfare households, and single parents in such households where the youngest child is more than 12 years old are expected to work full time.

If President Carter's welfare reform is implemented, about 1.4 million persons must be absorbed into the work force. The administration's objective of keeping the lid on welfare costs will place great demands on private employers. They will have to find better methods of hiring, training, and retaining persons whose previous connections with the labor market have been marginal at best.

One new approach is a concept known as supported work. It is designed to instill steady work habits and a sense of self-worth in persons who have histories of failure in the regular job market. The carefully structured environment offers them peer support, graduated stress, and immediate and regular feedback on performance, while preparing them for transition to the regular job market.

In 1971 the Vera Institute of Justice, a nonprofit organization in New York City concerned with criminal justice reform, started the first supported work program. Vera planners studied European sheltered workshops for the handicapped and used the institute's experience with accused persons, alcoholics, and ex-addicts to design a program for those traditionally viewed as unemployable. Then Vera conducted several pilot projects in New York.

Wildcat's experiment

Encouraged by the success of these pilots, Vera created the Wildcat Service Corporation in 1972. Since then more than 5,000 ex-addicts, ex-offenders, female recipients of Aid to Families with Dependent Children welfare benefits, and high school dropouts have worked at Wildcat.

The promising results from Wildcat have spurred the launching of a national organization to test the concept of supported work in 15 locations, like Oakland, California, and the state of West Virginia, with different sponsoring groups, like labor unions and government agencies. Called the Manpower Demonstration Research Corporation, it is funded by an unusual consortium—five federal departments (Labor, HEW, Justice, HUD, and Commerce) and The Ford Foundation.

Of the 1,000 employees now with Wildcat, 90% work for New York City agencies and 10% for other organizations. About 35% work on maintenance projects, 14% in construction, 41% in clerical jobs or as social services paraprofessionals, and 6% as messengers. The average stay is nine months to a year.

The emphasis at Wildcat is on work; Wildcat is structured to resemble the world of work rather than a therapeutic community. Employees who do not meet the standards are dismissed. Nevertheless, because of the employees' poor preparation for work, Wildcat supervisors tolerate instability more than the nonsubsidized world usually does. Warnings and suspensions nearly always precede dismissal.

Workers receive occasional time off for court appearances and visits with parole officers, drug treatment counselors, or welfare caseworkers. Wildcat also offers vocational counseling and referrals to other agencies for assistance with housing, legal, and health problems.

Vera set up a number of devices to reduce stress and encourage steady work habits. Functioning in small crews facilitates strong peer support. Workers promoted from the entry-level ranks head the crews. This policy provides a visible career path and produces first-level supervisors who share crew members' problems. Bonuses, raises, and promotions come more often than in normal job situations; participants become eligible for first raises after eight weeks. The standards for raises become more stringent gradually, which accustoms the employee to the discipline demanded in unsupported work.

Early in the course of the program it became apparent that many workers lacked the education and skills necessary for even entry-level positions. In response, Wildcat, IBM, and the city Board of Education established and jointly operate a center offering clerical training. IBM provided the equipment and facilities. Admission to the skills center is limited to those employees who have performed well on the job for at least three months. More than half of its graduates have won permanent jobs.

Wildcat mainly provides public services for New York City. Wildcatters clean building facades and interior masonry, restore clipper ships, paint

commercial and public establishments, paint no-parking zones at fire hydrants, exterminate vermin, maintain buildings and grounds at various agencies (including courthouses and police precinct houses), prepare architectural plans for microfilming, renovate firehouses, interpret for Spanish-speaking hospital patients, and plant trees in Brooklyn. In March 1975, when a fire destroyed a large New York Telephone Company plant, Wildcat workers provided emergency messenger service to affected businesses.

Of the 5,000 persons who had entered Wildcat by July 1977, about 30% have been fired for cause and an additional 30% have resigned or left for nonjob-related reasons. More than 15% have found unsubsidized employment. Although this last statistic is disappointing—Wildcat had anticipated placing more employees in the private sector—those who have graduated have done well. Of a sample of 106 graduates, more than 80% retained their nonsubsidized job for at least a year.

A cost/benefit study indicates that productivity of the Wildcat worker and a reduction in arrests and incarcerations make the taxpayers' investment in the program a wise one. In the 1975–1976 fiscal year, the cost of employing one person at Wildcat was $9,500 (including $6,600 in salary and fringe benefits), and he or she produced $8,400 worth of services. Furthermore, he paid more taxes, received less welfare, and drained less from the criminal justice system than a person not employed at Wildcat. Some of these benefits extended to the next year even when the person was no longer in the employ of Wildcat.

Chemical Bank's experience

Wildcat has had limited experience developing supported work sites in the private sector. The first demonstration involved Chemical Bank, which hired 13 former addicts to work in the check-processing department.

Most performed well in the group setting: after one year, eight were still working at Chemical and three had been promoted to teller. Of the five who had left, none had been fired for misconduct. The turnover rate was comparable to the bank's experience with entry-level employees.

[illegible] Berkley, [illegible] vice president of Chemical Bank [illegible] of Workers Benefit, has noted, "If we as bankers [illegible] a reputation for common sense [illegible] to the business community that this is a viable program, if we can persuade other businessmen by our example that the risk is small and the gains are great in terms of maintaining our society and our marketplace—then we are talking about hundreds of companies who could provide thousands of job opportunities."

Recently Chemical and Wildcat have been testing another strategy. Chemical contracted for clerical employees at $2.50 an hour with the understanding that if they met the work standards of the typing pool, the bank would hire them permanently as word-processing clerks. Some of these employees have been hired.

Few large companies have followed the successful Chemical model. One way of building on what Wildcat has learned about employing the hard-to-employ is to tailor programs for private industry. A supported work project sponsored by a company would shorten its intake process and eliminate its need to identify job sites and invest in job development staff.

A supported approach starts with identification by the company of a discrete function, such as a mail room or messenger service. Wildcat, or any agency, could be the contractor; it would recruit and screen employees and then supervise the crews, either directly or jointly with the employer.

The company, of course, could request the removal of any supported worker who seemed unsuited, but after a six-month or one-year period it would be expected to hire those workers who had adjusted to the situation and had met the company's productivity standards. When hired, the employees would move out of the supported-work job site and into the regular work force.

The company would be required to pay the contractor at federal minimum wage rates for each worker (who may actually receive a higher wage). This pay, coupled with diverted welfare payments and, in some cases, training funds flowing to the contractor, would cover employee salaries, fringe benefits, and overhead costs.

Experience with supported work suggests that out of a group of 30 employees, between 5 and 10 will meet the company's standards and become eligible to be "rolled over" to its payroll as jobs open up. The remainder will drop out, be fired, or complete their permitted 18 months in the program.

Establishing supported work programs in the private sector offers other advantages. Persons rolled over to the payroll require minimal additional training and no additional orientation, and their retention rate compares favorably with regular entry-level employees. Moreover, if the company is expanding, it may qualify for a tax credit for each worker during the first year of his employment.

Cooperation between supported work programs and the private sector presents previously unavailable opportunities to both marginal workers and participating companies for successful employment in meaningful jobs.

ATTACHMENT B

[From the New York Times, Dec. 5, 1978]

Jobs Program Giving Hope to Ex-Convicts

By PETER KIHSS

Julius Robinson said he started "robbing and stealing" at the age of 13. At 19, he went to prison in Miami—for manslaughter and robbery. "A fellow stole from me what I had robbed," he said, and when they argued, the other man got killed.

At 25, Mr. Robinson is a manpower project supervisor, a transfer parolee, working for the Newark Services Corporation in New Jersey. He got out of prison in June 1976 with permission to come north with his New Jersey bride.

He got work with the manpower project first as a custodian, and did so well that after eight months he got on the staff as crew chief for a suspender-stitching contract. He's also studying nights at Rutgers University in Newark, to major in social work.

Newark is one of 14 locations across the country in which the Manpower Demonstration Research Corporation, of 3 Park Avenue in Manhattan, has contracts for "supported work" programs.

Some Special Helps

Hard-to-place unemployed people—recent convicts, welfare mothers, addicts who had been in treatment within the last six months, out-of-school youths lacking diplomas, some mentally disabled and alcoholics—have these special helps.

"Peer support"—people with the same problem background work in crews, knowing what each is up against.

"Graduated stress"—first they're taught work habits, such as getting to work on time, doing what you're told, with increasing responsibility.

"Close supervision"—Lewis Lester, in Newark, was almost one-on-one instructing Yvonne Hill and Ellie Enos, welfare mothers, to engrave name plates on Plexiglas.

Their wages started out nationally as 78 percent of local market scales. Left behind by inflation elsewhere, they now run about 73 percent—except in places like Newark where the range of $2.70 to $3.11 an hour is better than many nearby factory wages, according to Hubert P. McQueen, Newark's agency president.

The participants are limited to a maximum of 12 months—or in some places 18—in the demonstration. The wage and duration limits are incentives to look for eventual regular jobs, William J. Grinker, the national organization's president, said.

At the New Hope day-care center, Millicent Greenaway, of Newark's New Hope Baptist Church, said she had given regular jobs, so far to two project graduates.

For a crewing party, Estelle Simmons, who has four children and who has been on welfare for 10 years, was helping build a "Christmas tree" out of corn stalks, taping their peelings on as leaves and then painting them.

In Newark's Robert Treat Hotel, Inns Caterers, which has the food-service contract, hired one project graduate as night kitchen manager.

John Joseph, 35, and Robert Brown, 22, are currently working as stewards—learning serving, cooking, baking, preparing salads. Mr. Joseph said the program was needed—"I spent 11 years in prison, and who else is going to give me that chance to function in society?"

Mr. Brown said he had held one job after another before two years in prison. "I need support," he said, explaining he had problems with work habits. "I got on drugs and they made me irresponsible."

Mr. Grinker said that, coast to coast, there were currently 1,914 participants in the research demonstration, while 4,760 others had been involved since the start in March 1975.

Of the departures, 27 percent got jobs outside, he said, or 18 percent of all who had ever been in the program. One Federal study indicated only 9 percent of welfare registrants in the WIN—Work Incentive—program got into the labor force last year.

Manhattan Concern Works With the Hard-to-Place at 14 U.S. Locations

The Successful Experiences

The demonstration is planned for evaluations after periods of 9, 18, 27 and 36 months by Mathematica Policy Research. Involved is a nearly unique matching of participants against a control group, both drawn from original applicants.

The first evaluations reported concededly preliminary but encouraging findings, with welfare mothers' "relative success" in the first nine months exceeding the other target groups. The welfare mothers averaged 35 years in age, and only five weeks' work and $311 earnings in the previous year.

In six project locations across the country, 147 such mothers averaged $3,673 earnings in nine months as against $523 for 156 control mothers who had to fend for themselves. (The controls got $10 for each evaluation interview.) They worked in clerical jobs, manufacturing, nursing and security programs.

Another comparison matched 256 participants—who had been former offenders, or addicts, youths, mentally disabled or alcoholics—with 335 control persons. The participants had averaged only nine weeks' work in the previous year for $1,000; 58 percent had been incarcerated in the previous 24 months; 75 percent had used drugs.

In nine months, their average earnings were $3,333, compared with $1,286 for the controls; they averaged $389 in welfare and, with the controls needing $723. Of the participants, 21.6 percent were re-arrested in that time span, as against 29.3 percent of the control group.

Mr. Grinker estimated that, nationwide, after deducting the value of goods and services produced by participants, the demonstrations might be costing $9,000 to $9,500 a year in public financing for each participant.

One Object Is a Work Record

Forty percent of jobs have been in service occupations; construction was initially almost as high. "Each program has a job-development effort and trains people for job-finding and how to do interviews," Mr. Grinker said. "It's a credentializing process — people get a work record."

The overall cost for the first three of a scheduled four years will be $63,680,000, he said. This includes $38,030,000 from six Federal agencies and the Ford Foundation and $25,650,000 raised by local nonprofit sponsors, some of which is Federal Comprehensive Employment and Training Act money.

The "supported work" project grew in part out of earlier New York City experience with erstwhile drug addicts by the Vera Institute of Justice, whose spun-off Wildcat Service Corporation is one location in the current demonstration.

The others involved have been in Atlanta, Chicago, Detroit, Hartford, Jersey City, Newark, Oakland, Philadelphia (now being phased out), St. Louis, San Francisco (now terminated) and regional groups in Massachusetts, Washington state, West Virginia and Wisconsin.

Senator NELSON. Thank you very much. I appreciate your taking the time to come and present your testimony. You were right on time.

[At which time a recess was had.]

Senator NELSON. Our next witness will be Cynthia Pluteau, Deputy Director of Northwest Wisconsin CEP. Go ahead.

STATEMENT OF CYNTHIA PLUTEAU, DEPUTY DIRECTOR, NORTHWEST WISCONSIN CEP, INC.

Ms. PLUTEAU. Senator Nelson, ladies and gentlemen: My name is Cynthia Pluteau and I am deputy director of Northwest Wisconsin CEP, Inc. I'm here today representing Mr. James Bonney, director of the Northwest Wisconsin CEP, Inc., program, who was unable to attend this hearing. He asked me to relay the following to you:

First of all, I would like to briefly report some of Northwest Wisconsin CEP's accomplishments since the inception of CETA. Did you know that since July, 1974, a total of 9,115 disadvantaged and unemployed persons have been enrolled in the 10 northwest counties of the State of Wisconsin? Of this number, 4,945 have been placed in permanent, unsubsidized employment. During the past fiscal year, July 1976 to June 1977, we placed 2,359 title I clients at a cost of $1,038 per placement.

During our first year of CETA, July 1974 to June 1975, we had a subcontract for manpower services with the Wisconsin Job Service. During that year we placed 768 clients. In the following year, Northwest Wisconsin CEP operated its own manpower services component at a total savings of $50,000, and placed 914 clients. With each successive year, Northwest Wisconsin CEP manpower service components have operated more and more efficiently, and during the first 4 months of fiscal year 1978, we placed a total of 736 title I, II, and VI clients in employment for an average placement cost of $3,640. This cost in comparison to other prime sponsors remains comparatively low. I would also like to point out that Northwest Wisconsin CEP, Inc., has involved 17 percent more veterans in their operations than the 35 percent requested by President Carter, bringing our enrollment of veterans to 52 percent, and we have been commended for this by the State Veterans Office.

With this kind of record we feel very strongly about recent edicts issued from the regional office instructing prime sponsors to prepare nonfinancial agreements with local job service district offices. During fiscal year 1977, we had such an agreement in operation, and after expiration on September 30, 1977, we still have continued along the same lines while waiting for a 1978 agreement to be signed. You must understand that in addition to being employed by the prime sponsor, I am also a taxpayer, and naturally the expenditures of tax dollars are of concern to me. The Wisconsin Job Service currently receives job orders from CEP for title II and title VI public service employment jobs. These are subsidized jobs under public service employment, and prime sponsors are not permitted to take any credit for these placements. Only when the client is terminated from the public service employment rolls and hired into an unsubsidized position can the prime sponsor take placement credit. Not so with job service. When job service fills the public service employment job orders, they are al-

lowed to take placement on these subsidized positions, then when statistics are reported to the taxpayers, they show these placements which of course becomes a deciding factor in their funding levels. Personally, I do not think this form of pulling the wool over the eyes of the taxpayer is ethical, and I believe every agency in the business of manpower services operating with tax dollars should themselves achieve whatever progress is necessary for funding.

Other things which I feel should be given very serious consideration in the reenactment of the Comprehensive Employment and Training Act are:

One: A change in policies to allow CEP's to receive CETA moneys, including title I base funding.

Two: Make any policy changes reflect urban and rural conditions separately—as I am sure you are all aware a rural CEP faces a multitude of different problems to an urban prime sponsor.

Three: That funding should be made available to all prime sponsors for a longer period than 1 year at a time. I feel that the taxpayers' dollar could be used more effectively with longer range planning.

Four: Make CEP's and like local prime sponsors who have proven their abilities permanent deliverers of manpower services.

Thank you, gentlemen, for the privilege of appearing at this hearing, and if anyone would like more detailed information on any of the items presented here, or clarification of any statements, please feel free to call us at Ashland, Wis., telephone number 715–682–5544.

Now, if anyone has any questions, I'll be glad to answer.

Senator NELSON. I want to thank you very much for taking the time to come down and present your testimony. I'm very familiar with your organization and the work of the Northwest Wisconsin CEP over the years. You've done commendable work. Thank you.

Ms. PLUTEAU. Thank you, sir.

Senator NELSON. Our next witness is Mr. Ken Andrews, executive director of Great Lakes Inter-Tribal Council, Inc., Ashland. You don't have a prepared statement?

Mr. ANDREWS. No, I don't.

Senator NELSON. All right, fine. You just go ahead and present your statement.

STATEMENT OF KENNETH ANDREWS, EXECUTIVE DIRECTOR, GREAT LAKES INTER-TRIBAL COUNCIL, INC., ASHLAND, WIS.

Mr. ANDREWS. My name is Kenneth Andrews and I'm executive director of the Great Lakes Inter-Tribal Council, Inc., with the central office located in the Bad River Reservation near Ashland. And, although the Great Lakes Tribal Council is an agency composed of tribes and bands excluding the Menomonies of Wisconsin, our CETA program at the central office serves only the Red Cliff, Bad River, and Mole Lake Reservations, as the rest of the reservations are their own prime sponsors.

Senator NELSON. The Bad River——

Mr. ANDREWS. Pardon me?

Senator NELSON. What did you say? The Bad River?

Mr. ANDREWS. The Red Cliff, Bad River, and Mole Lake Reservations are the ones we serve out of the central office. The balance of the

reservations have their own prime sponsorship and they are probably experiencing the same problems as we have because I believe the CETA programs on reservations are unique.

We use CETA slots to fill administrative positions because reservations do not have a tax base to draw salaries from to—for administrative positions. Some of the problems we face are communications—communications and the lack of training and technical assistance. That goes right down to I believe the guidelines and the report forms that are needed.

By the time somebody gets around to the reservations to give them technical assistance on guidelines or report forms, at the same time somebody in Washington is working to change them.

We do have problems with the balance of State because job service seems to have a problem with certifying the underemployed on reservations.

Senator NELSON. Pardon? I didn't hear your last sentence.

Mr. ANDREWS. The job service has a problem certifying the underemployed people on reservations, and the 15-week waiting period is a hindrance.

Senator NELSON. The waiting period has been amended—is proposed to be amended in the administration bill from 15 weeks to 5 weeks.

Mr. ANDREWS. That will be a help.

Senator NELSON. All right. Thank you very much for taking the time to present the testimony.

Mr. ANDREWS. Thank you.

Senator NELSON. Our next witness is Mr. Phil Lerman, codirector, University of Wisconsin Manpower Institute, Division of Urban Outreach, University of Milwaukee; and Mr. J. C. Banks of Chetek, Wis.

STATEMENT OF PHIL LERMAN, CODIRECTOR, UNIVERSITY OF WISCONSIN MANPOWER INSTITUTE, DIVISION OF URBAN OUTREACH, UNIVERSITY OF MILWAUKEE

Mr. LERMAN. Thank you, Senator.

Senator NELSON. Do you each have a prepared statement? It will be printed in full in the record. If you can summarize the essence of your statement, it would be helpful.

Mr. LERMAN. OK.

Senator NELSON. As long as your summary isn't longer than your written statement.

Mr. LERMAN. I just thought I would do the same thing you did last night; you know, 5 minutes and—no, I won't. I won't.

Senator NELSON. I'm chairman here today.

Mr. LERMAN. OK. I think I'd rather trust the press.

My statement is actually very short and I will say at the outset that I am here representing myself and not the university. I wish to congratulate you and the administration and particularly yourself for recommending the continuation of CETA. I believe that in spite of the demands placed on the system, the basic concept of decentralization has worked and that the emphasis placed on the role of local prime sponsors and the proposed legislation is proper. I would hope that the Congress would continue to withstand the pressure to lower the popu-

lation base from its present level of 100,000 and would resist any tampering with the present prime sponsor structure.

Senator NELSON. You wouldn't want it lowered, you are saying?

Mr. LERMAN. I would not want it lowered. As difficult as it may sometimes be, local prime sponsors and the consortia have, by and large, been better able to deal with problems on a local level and with few exceptions have been shown to be equitable both in desigr. and implementation of their plans.

Now, I speak solely from what I know about the State of Wisconsin.

If there is any real or imagined problem within the CETA structure, it lies in attempting to formulate the coordinative role for the services council or under the new act as it is now called: The State and employment and training council. The new section 104(a) (2) and (3) is clearly an attempt to place more responsibility for this function in the council and the Governor, but to make it more viable I would suggest that additional funding, possibly up to 10 percent of title I funds, be given to Governors and State councils to give them "sweetener" to achieve the necessary coordination and not do it through any other method. Federal regulations should also be clarified to enable better cooperation between prime sponsors, particularly those that may operate in the same larger labor market area.

The administration should be encouraged to hold firm its position with respect to public service employment. Studies with respect to the effect of PSE in Wisconsin have already been shared with you in the past. I know that you have found them to be more than satisfactory.

PSE has worked well in Wisconsin. New jobs have been created in the public and the private nonprofit sector. All units eligible to participate have had many successes with absorption. This is attributable to the imagination of the participating agencies, the sincerity of the local elected officials as well as the policies adopted by the services council which are now being apparently adopted by the administration. It was Wisconsin which adopted the policy with respect to public service employment that clearly spelled out a time frame for individuals to serve in those slots, established a proper system for identifying entry level positions with upgrading potential and addressed itself to placing persons most in need into those slots.

Senator NELSON. The maximum time in Wisconsin was 12 months.

Mr. LERMAN. It was 12 months up to 18 months if there was—if absorption was in the offing and there's also room to do some negotiating with either the local units of government or the private nonprofit agency.

Senator NELSON. You're talking about in a special case?

Mr. LERMAN. In a special case. If the county board wasn't going to meet until the 19th month, if they had already fulfilled their quota of absorption and you knew or they specified that they were going to absorb, we did permit PSE slots up to the 19th month so you could have absorption. It made no sense to fire someone or lay someone off if that person was apparently going to be filling a job slot in the near future.

Senator NELSON. I take it that the administration's proposal is exactly the same as yours?

Mr. LERMAN. I think it's a copy of ours. I know it's something you helped introduce earlier into the title VI.

Senator NELSON. I'm going to help them do it. I've got the bill.

Mr. LERMAN. Our quarrel with DOL in the past has been its imposition of certain classes for these slots which militated against proper implementation of our PSE policy. The directive—and this is no reflection on veterans. I am a 10 pointer myself, but that's another matter.

The directive, late in 1976 and early 1977, to give preference to veterans worked against our fulfilling our policy requirements to serve those most in need. Areas of the State when the pool of available and eligible veterans was well below the 35 percent figure imposed upon us by the Department of Labor were forced to abandon those most in need in order to fulfill this requirement. Women, older workers, AFDC recipients suffered as a consequence. The number may have been negligible when you match it to the national, but it did have an adverse effect on fulfilling the original concept of public service employment.

In this regard and though it's been mentioned earlier and I don't want to complicate any further, I would also like to make reference to the indirect placement cost figures which were also used to prevent prime sponsors from serving significant segments of the population with title I funds. Youths under 22 and workers over 45 were discouraged from participating in work experience programs if those programs did not permit immediate entry into the work force and into direct job placement. Prime sponsors and areas in balance of State who had developed plans which included service to these two particular segments of the population were forced to change plans in order to contain or lower indirect costs to conform to some magic formula established as a norm.

The administration, the Congress, and DOL should be more conscious of the difference in costs involved in serving the poor within States as much as between States. The need to be creative in rural areas that lack human services, proper transportation systems must not be neglected because the delivery system or system to accomplish the task may be more costly. The same is also true for larger urban areas with heavy concentration of minorities and youth. Those most in need, those most disadvantaged must be the prime target of the CETA effort, and the prime sponsors in Wisconsin have done more than a creditable job in meeting this challenge, and I wish to congratulate, again, you and the administration for making this obvious in the new direction or in stipulating this as being one of the major thrusts of the legislation.

I would like to say two other words with respect to private sector involvement and the whole question of maintenance of effort and substitution. I believe that the direction taken in the new legislation is a proper one. It may be difficult to obtain and I understand there's been some question raised as to the fussiness of the administration's proposal. I would hope that enough time would be allowed to permit various sections of the country, various sections of the State and prime sponsors specifically to try to work out those arrangements with the private sector.

It is a difficult one. Having come from that myself in the past, I understand some of the annoyances that the private sector has with respect to Federal programing and to State programing in this area, but if the time is properly given, if there are less restrictive regulations, it seems to me that it can be successful.

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With respect to maintenance of effort and substitution, we've had problems with that in Wisconsin but again minimal problems—at least in the balance of State within the immediate past. I think the reason for it is a simple one. I'm glad to see the representatives of the American Federation of State, County, and Municipal Employees here this morning. I know that they will be testifying.

One of the things that we did and which we urged on the national level be a kind of a model was to see to it that at every step along the way, both in the services council, in the prime sponsors, and in the subcommittees, particularly those affecting the public service employment, that proper representation on these committees be given to the AFSCME or any other union which had a particular role in this.

As a consequence and as we, I think, over 1 year ago sent you a report in which we showed to you at that time that we rejected as many programs at the initiation of those programs because of the question of substitution, the presumed question of substitution and we were able to withstand the pressures from units—local units of government until those matters were properly ironed out. I think, by and large, this effort on our part—and we would encourage—I don't think it has to be stipulated into the law as such, but we would encourage wherever feasible and even beyond that participation of the proper labor union authorities within the structure of the CETA system so we can minimize these kinds of problems.

[The prepared statement of Mr. Lerman follows:]

PREPARED STATEMENT OF PHIL LERMAN

Senator Nelson, let me first congratulate the Administration and you particularly for recommending the continuation of CETA. I believe that in spite of the demands placed on the CETA system, the basic concept of decentralization has worked and that the emphasis placed on the role of local prime sponsors in the proposed legislation is proper. I would hope that the Congress would continue to withstand the pressure to lower the population base from its present level of 100,000 and would resist any tampering with the present prime sponsor structure. As difficult as it may sometimes be, local prime sponsors and the consortia have by and large been better able to deal with problems on a local level and with few exceptions have been shown to be equitable both in design and implementation of their plans.

If there is any real or imagined problem it lies in attempting to formulate the coordinative role for the SMSC or the redesigned "State Employment Training Council." The new Sec. 104(a) (2) and (3) is clearly an attempt to place more responsibility for this function in the Council and the Governor—but to make it more viable I would suggest that additional funding—possibly up to 10% of Title I funds be given to governors and State Councils to give them "sweetener" to achieve the necessary coordination. Federal regulations should also be clarified to enable better cooperation between prime sponsors particularly those that may operate in the same larger Labor Market Area.

The Administration should be encouraged to hold firm its position with respect to public service employment. Studies of the impact of PSE—The composition of the persons served by categories, the projects and jobs created since 1975 have been previously shared with you and other members of the Wisconsin delegation as well as with the Congressman Augustus Hawkins of the House Education and Labor Committee.

PSE has worked well in Wisconsin—new jobs have been created in the public and private non-profit sector. All units eligible to participate have had many successes with absorption. This is attributable to the imagination of the participating agencies, the sincerity of the local elected officials as well as the policies adopted by Services Council which are now being apparently adopted by you and the Administration. It was Wisconsin which adopted a policy with respect to PSE that clearly spelled out a time frame for individuals to serve in

those slots, established a proper system for identifying entry level positions with upgrading potential, and addressed itself to placing persons most in need into these slots.

Our quarrel with DOL in the past has been its imposition of certain classes for these slots which militated against proper implementation of this policy. The directive, late in 1976 and early 1977 to give preference to veterans worked against our fulfilling our policy requirements to serve those most in need. Areas of the state where the pool of available and eligible veterans was well below the 35 percent placement figure demanded by DOL were forced to abandon those most in need in order to fulfill this requirement. Women, older workers, AFDC recipients suffered as a consequence. The number may have been negligible but it had an adverse effect on fulfilling the original concept of PSE.

In this regard mention should also be made of the manner in which indirect placement cost figures were also used to prevent prime sponsors from serving significant segments of the population with Title I funds. Youth under 22 and workers over 45 were discouraged from participating in Work Experience programs if those programs did not permit immediate entry into the work force and into direct job placement. Prime sponsors and areas in Balance of State who had developed plans which included service to these two particular segments were forced to change plans in order to contain or lower indirect costs to conform to some magic formula established as a norm.

The Administration, the Congress and DOL should be more conscious of the differences in costs involved in serving the poor within states as much as between states. The need to be creative in rural areas that lack human services, proper transportation systems must not be neglected because the delivery system or system to accomplish the task may be more costly. The same is true for larger urban areas with heavy concentrations of minorities and minority youth. Those most in need—those most disadvantaged must be the prime target of the CETA effort and prime sponsors in Wisconsin have done a more than creditable job in meeting this challenge.

Senator NELSON. Thank you very much, Mr. Lerman. Our next witness is J. C. Banks who ran the very great WESTCAP program for many years.

Mr. BANKS. Quite a few years, yes.

Senator NELSON. For many years you had a very creative and successful program. I see that on Tuesday, February 28, they're holding an honorary dinner for you up in Stevens Point, is that right?

Mr. BANKS. I guess that's right. I told them they already did that a couple of years ago. For some reason they wanted to do it again.

Mr. LERMAN. We like you.

Mr. BANKS. Perhaps it's just an excuse to have a party.

Senator NELSON. Take every one you can get. I would like to be there, but that's during a week we're in session; but in any event, I want to congratulate you for your many years of very creative contribution in this field.

Mr. BANKS. Thank you very much, Senator. I sure appreciate that.

STATEMENT OF J. C. BANKS, EXECUTIVE DIRECTOR, WEST CENTRAL WISCONSIN COMMUNITY ACTION AGENCY (RETIRED)

Mr. BANKS. I have been in the manpower program since 1965, and so naturally I've got some pretty firm ideas on what should be done and what shouldn't be done in my own mind. Maybe—I'm sure many people don't agree with me; but, nevertheless, for what it's worth, I would like to—I have presented a summary page to you, but I would rather just kind of highlight some of the specifics from the different pages behind that and if you have any questions, I'd be glad to try to field them.

Under page 2 of my statements, it says here:

Subsidized employment and employment training programs were spawned by the Economic Opportunity Act of 1964. CETA came into existence as an outgrowth and expansion of OEO programs such as Neighborhood Youth Corps programs, Mainstream (originally Nelson amendment) programs, and others.

And, I suppose it really spawned the CETA program probably because it came from efforts of the administration to destroy OEO.

Community action agency boards, of course, you know, are grass roots organizations composed of one-third government representatives, one-third low-income people, and one-third public sector representatives; and they set the policies for community action agencies.

The CAP's were for a decade the "presumptive prime sponsors" in accordance with legislation of employment programs for the poor. They have outreach capabilities to identify and recruit those most in need. Now, the previous man here said that the job service wasn't recruiting those most in need, and I think that's very true. CAP agencies have abilities to recruit those most in need and they also have a mandate to hire those most unlikely to succeed or those that are most likely to end up on public assistance so that they may have an opportunity to help themselves. Sometimes the guidelines set down by the Department of Labor or the State Manpower Council that you've got to have fast turnover. If you have to meet time limits for absorption, it creates real havoc when you are trying to hire those most in need.

On this, a little more on the outreach back on page 5, I think recruitment must—to be successful must be handled right out in the field. You don't do it through advertisements. You don't do it through newspaper articles because most of those needing help never read newspapers. Now, this may not be valid in urban situations, but I'm talking about rural America. Job service offices in urban situations are probably across the street from the program operator or prime sponsor.

The job service are generally selected by prime sponsors to recruit and certify eligible clients, so I would think that there probably should be earmarked funds for outreach in their funding like there is in the Department of Agriculture food stamp program. We preached the need for outreach to get the right people on food stamps just like we preached we need outreach to get the right people on CETA programs, so I would think from what we've learned in the Department of Agriculture that finally funded such a thing, that that should be considered on this legislation.

No ., that's—One more thing. I read an article, a UPI article that speaks of a request for $400 million to set up local private industry councils to work with localities in providing on-the-job training and work placement. The council would consist of local business and labor representatives. This is in a UPI article I just read and I just—the fantastic amount of $400 million kind of hit me in the eyes because Community Services Administration's total funding for 900 community agencies—community action agencies—is only 3330 million. This years recommendations by the President is $380 million. Maybe that's an incorrect figure. I don't know, but it's certainly a lot of money to set up local industry councils that are almost the same as governing boards of community action agencies. I would think the local community action agencies, many of them who have labor representatives and all of them could have labor representatives, could be the local private councils which the new act claims is going to be part of the act. I don't know. That's just my opinion.

Senator NELSON. Your figure is correct; $400 million is correct.

Mr. BANKS. I think that's a tremendous amount of money and I would recommend at least $100 million of it go to add to local initiatives on the CSA Act. That could expand community action agencies in untapped parts of the Nation and the payback for one community action dollar in the community in the WESTCAP area is $8. In other words it multiplies eight times because of other programs.

Senator NELSON. How did you compute the $8?

Mr. BANKS. Well, that's because HEW funds and labor funds and local funds and all other types of program funding things create a multiplier effect, you see? Now, I also want to make a statement about eligibility stamps. The question—We now run manpower programs strictly on the poverty guidelines. Now I think it's 75 percent of the low-income guidelines in the State of Wisconsin.

Well, now, I have some problems with that as a complete hard and fast rule. Back in the OEO days there was a 10-percent allowance for special conditions and we find that the poverty guidelines—many times there's some persons with special needs slightly over—maybe 10 percent over the poverty guidelines. This negates the ability of the manpower program to serve someone that really needs it. I just wondered perhaps—There used to be in categorical manpower programs, 10 percent allowance for special conditions such as learning disadvantages, high expenses in going to and from work especially in rural areas or others. Some guys make $100 over the poverty limit and have to drive 160 miles a day to get to work and back.

Guidelines in Wisconsin also, this is something I don't know. It's just my thoughts and I think this is the national guidelines on CETA. You determine the poverty level by family. The definition of a family, it says, in the guidelines—one or more persons living in a single household who are related to each other by blood, marriage, or adoption.

Now, my problem is persons living together out of wedlock. Maybe it's interesting, but they've got different names and each of them are possibly eligible for CETA or medicaid or other programs and I just wondered. I think possibly communes have developed with 12 different people, 6 different partners and all 12 different names, and maybe that is one of the things that helped communes develop—and they're probably very good. I have nothing against communes because there's some marvelous, wonderful people that live there; but, nevertheless, I'm just wondering if there's a way to define the eligibility standard by the members of a household rather than members of a family. It's just a suggestion to close a loophole that allows ripoffs.

Senator NELSON. Well, I would suggest that, sound as your view may be about communes, it's somewhat more liberal than I think those in in the Congress. So, could you headline semantics clever enough so nobody noticed?

Mr. BANKS. I think Senator Nelson's got a lot of capabilities along that line. I just threw it in your hands is all.

Senator NELSON. Well, except when I'm done, nobody understands anything I said. But, they still have to think it said something without them knowing what it did in fact say. You're going to have to write that.

Mr. BANKS. Well, I know President Carter has come out with some pretty strong statements about strengthening families. Perhaps that might fit in.

Senator NELSON. Well, it's always a tough question on the drafting of any legislation. We get into a very difficult question of reaching agreement on how to define eligibility and when you're all done, you find out that some individuals have been left out who really ought to be included.

Mr. BANKS. Well, one other thing is eligibility rules for single families. There is a jump from $2,500 up to nearly $4,000 per year between a family of one and a family of two. Many senior citizens who just lost their wives must live alone in a house that takes a lot of heat to heat it and takes a lot of upkeep to keep it up. While they may get some real estate tax advantage rebates, if they're low income, they still are not eligible for CETA programs. I don't think they're even eligible for Green Thumb programs and certainly a person that's making $3,000, $3,500 and has got all the expenses of living today must earn dollars to survive so I believe there should be a larger amount allowed for a single person.

That might be something that you might feel some things about yourself because I know you're so interested in subsidized employment to give an elderly person an opportunity to complement his salary so he can halfway live decent.

Now, on the title X of the act, understand it's going to include a transfer. All these things are listed in here, Senator, so if I'm too long, just shut me up, but title IX jobs for older Americans seem to be—recommended by the administration go into title X of the act. I hope that wouldn't affect the Green Thumb program because it's a very vital and necessary program.

Senator NELSON. Which one is that?

Mr. BANKS. Title IX, the Older American Act, is the money that funded Green Thumb this last couple of years, but now that's supposed to be transferred into title X. Maybe I'm wrong but that was the summary——

Senator NELSON. That was the original draft, but not in the bill we introduced.

Mr. BANKS. Fine. That's good. Now, there's been a lot said today about local private sector jobs. In nearly every village or city in rural Wisconsin there is a local development corporation—LDC—which is usually nonprofit and composed of certain businessmen and elected officials in the community and in the State. Many other States probably have offices of business development. I would like to see a closer tie between the State manpower council and the State offices of business development and in efforts to work with the local LDC's toward more private sector jobs. These could be funded through CETA programs because I think each local LDC could work with public school systems to develop training jobs with local employers and gain knowledge, probably could even bring school credits to youth that would normally be kickouts or pushouts of the high school. There's so many kids, if they could get a 20-hour-a-week or 15-hour pay providing they took 15 hours of special education, that would be quite an incentive to teach them something.

Senator NELSON. You've got 2 more minutes, Jake.

Mr. BANKS. Senator Javits, he used to be promoting programs for CSA funding CDC's, but I'm speaking of just locally organized Community Development Corporations.

Now, this may sound like another whack at job service. It isn't really. It's an effort on my part to maybe change the system a little bit. Job service for many people that have been in—there are some articles in the new law about job service assistance. Well, I think the employment service definitely should have a big role in job placements. Ordinarily they mix up the records of the CETA graduates or CETA people that have been laid off with all their employment records for persons needing placement into jobs, and I was thinking perhaps it might be possible to handle that group of people in a separate set of records because many times the CETA person gets lost among a bunch of other application files. I think if we're going to start and we're going to invest money in trying to develop these people, there should be a carry-through of special efforts after CETA and I think that would be a duty of job service to do that.

Now, I guess my other statements are self-explanatory unless you have some questions. I think I'll call a halt.

Senator NELSON. Well, you're right on target. How is your insulation program going up there?

Mr. BANKS. The insulation program is still going very, very strong and it's a very successful program. It's been tied together with the University of Wisconsin-River Falls and there's some vital information coming out of it.

Senator NELSON. Well, River Falls was doing a study on a heat savings program. Is that completed yet?

Mr. BANKS. Well, that is completed and is published and I think you probably should have gotten a copy.

Senator NELSON. I didn't see it.

Mr. BANKS. The one they're going on now is credits for youth and they've got a computerized program where the youth can go out in a house and fill out certain papers that feed the figures into a computer and out comes the exact picture of what's needed in insulation. This is very exciting—and it's going to be worked in most high schools in northwestern Wisconsin. I think it's very challenging.

Senator NELSON. How many houses have been insulated under the program?

Mr. BANKS. Of course, I retired, you know, in August 1976 and I'm not up on those figures.

Senator NELSON. Until then, what was it, do you recall?

Mr. BANKS. How many houses have been——

Senator NELSON. Insulated under the program?

Mr. BANKS. Sorry, I don't remember.

Senator NELSON. We'll get the figure.

Mr. BANKS. I think we had many, many hundreds of thousands throughout the area.

Senator NELSON. We'll get the figures then. Thank you very much. I appreciate you taking the time to come.

Mr. BANKS. Thank you for the opportunity.

[The prepared statement of Mr. Banks follows:]

PREPARED STATEMENT OF J. C. BANKS

To provide job training and employment opportunities for economically disadvantaged, unemployed and underemployed persons . . . and to establish a flexible and decentralized system of federal, state and local programs.

Introduction: Honorable members of U.S. Senate Subcommittee on Employment, Poverty, and Migratory Labor.

I am pleased to speak to you today in behalf of CETA reauthorization, especially in areas of concerns that I have on some of the different titles of the Act. I'm sure the questions I will raise have been raised before, but perhaps some of them could be considered before this Bill is presented to Congress.

My name is J. C. Banks, I live in Chetek, Wisconsin, and since 1965 have been very involved in employment and training programs as Executive Director of the West Central Wisconsin Community Action Agency from May, 1966, until August of 1976, when I retired. Prior to that, I ran a disaster neighborhood youth corps program for cleaning up flood damage for 26 of our northern counties in 1965. This was about the first N.Y.C. program in the state. Before I got into Human Services Programs, I was a merchant and served a few terms as Mayor of Chetek. Presently, even though retired, I serve as a volunteer public representative upon the Governor's Manpower Planning Council and have remained actively involved in an advisory role to and with Community Action Agencies.

Prime Sponsor/Community Action Agency Relationships: Subsidized employment and employment training programs were spawned by the Economic Opportunity Act of 1964. CETA came into existence as an outgrowth and expansion of OEO programs such as Neighborhood Youth Corps Programs, Mainstream (originally Nelson Amendment) Programs, and others.

Community Action Agency Boards are grass root organizations composed of ⅓ Government representatives, ⅓ low-income people and ⅓ public sector representatives set policies for Community Action Agencies.

CAP's were for a decade the "presumptive prime sponsors" of employment programs for the poor. They have outreach capabilities to identify and recruit those most in need, have a mandate to hire those most unlikely to succeed and/or those most likely to end up on public assistance so they have the opportunity to help themselves.

It should be recognized in the legislation that prime sponsors should utilize Community Action Agencies as the program operators for in-school youth training and work experience programs, out of school-high school dropout programs giving both work opportunities and supportive services such as testing and counseling and adult work experience and training for adults up to about 55 or 60 years of age.

President Carter's suggestion that 400 million dollars be utilized to set up new local private industry councils of businessmen and labor representatives is more money than Community Services Administration has nationally for local initiative program operations which on President Carter's budget recommendation is only 381 million dollars.

If half of this money nationally could go to CSA so that they might expand CAP programs to United States areas not presently covered, the CAP's themselves could recruit and set up such "private industry councils" at a great savings. Furthermore, new CAP areas could benefit from the fact that one dollar of local initiative CSA funds invested in a Community Action Agency grows to six dollars in community benefits. In fact, in Wisconsin, one dollar of CSA program money grows at least eight times in local benefits. If 100 million dollars went through the CETA legislation earmarked to support such board activities, and a thousand CAP's set up such councils, there would be one hundred thousand to support each council.

CETA prime sponsors have had a few years to get organized. CSA and CAP's have had fourteen years as listeners to the poor and developers of programs to assist the poor toward economic dependence. It is time for a marriage between these agencies. CETA extension should mandate this.

Nepotism Guidelines: Nepotism guidelines state that eligible participants may not be hired if members of their immediate family are members of many boards, which include "CAP Boards". By law, CAP Agencies are mandated for maximum feasible participation of poor people and that one-third of the Board Members MUST be from the poverty eligible low-income group. I heartily recommend that if low-income people are elected to any of these boards, that their children should not be discriminated against as clients of employment programs. Board members set policies, they do not run programs.

I do agree, however, with other provisions of the nepotism guidelines because rarely are low-income people on any boards excerpt Community Action Agencies.

Provisions should be in the law that would state "except low-income board members of Community Action Agencies". It is the duty of Community Action Agency staff to advocate for the poor. Participants on CAP-operated employment

who are related to low-income board members must be assigned to agencies outside the CAP agency itself.

Eligibility Standards: I have trouble with the eligibility standards of CETA programs which presently in Wisconsin is $6770 annual income for a family of four. This is probably all right, but there are many special reasons a person should be certified eligible even though slightly over these guidelines. There used to be under categorical manpower programs a 10 percent allowance for special conditions such as learning disadvantages, high expenses in transportation to and from work, or perhaps a drunken father who gave little of his earnings to the family. There should be flexibility to allow up to 10 percent of workers of all ages who meet documented special conditions to be employed in CETA programs.

Guidelines in Wisconsin state, "Definition of family—one or more persons living in a single household who are related to each other by blood, marriage or adoption." My problem is with persons who study loopholes and work the system. Possibly they're living together out of wedlock, with different names, each of whom is eligible for CETA and possibly medicaid, food stamps or other aid programs. Possibly some communes, which have developed quite dramatically in the past few years could exist because of similar reasons.

I believe, as President Carter believes, that the family structure should always be strengthened. Therefore, it is my recommendation that CETA guidelines read, "Definition of a household—one or more persons living in a single household", instead of the present.

Outreach Recruitment: There should be a rule such as below that would assure the availability of eligible candidates for all CETA programs. "The Secretary of Labor shall authorize prime sponsors to fund outreach recruitment efforts that identifies the unemployed and enables applicants that appear eligible to get to Job Service Offices for certification."

Explanation—present policies that fund Job Service for recruitment, certification, and assessment, miss many of the most needy. Recruitment, to be successful, must be handled in every community and this cannot be done through advertisements for Help Wanted because those needing help the most lack transportation and seldom read newspapers. This may not be valid in urban situation where Job Service Offices are across the street from CAP Agency Headquarters, but program operations in rural areas have had to do this job without additional resources if slots were to be filled.

Testing and assessment to diagnose where employees best fit should also be an obligation of program operators because they must place, supervise, and upgrade all CETA employees.

Green Thumb: I may be wrong, but it is my understanding that Title X of the Act will include a transfer of title IX jobs for older Americans into CETA. I have been quite closely aware of the Farmers Union Green Thumb Program and even though way back in 1967, West CAP lost their Nelson Amendment Program to Green Thumb, I must give them lots of credit for doing a fine job. To allow older persons to supplement their meager retirement income should be continued and as far as I am concerned, Green Thumb is doing the job very well.

Community Development Corporations: In nearly every village or city in rural areas there is a local development corporation usually nonprofit that works to upgrade the communities they represent. Most states have offices of business development. I would like to see a closer tie between Balance-of-State prime sponsors, State Employment and Training Councils, and State Offices of Business Development.

Private sector jobs has to be the answer to dependable ongoing income for all of us.

Local CDC's could cooperate with public school systems and develop training jobs with local private sector employers. Knowledge gained could even bring school credits for youth. Few problem youth ever go on to college and a cooperative arrangement that kids can work and be paid for twelve or so hours of work providing they can apply themselves to in-school vocational training should pay almost immediate dividends.

Senator Javits seems to be promoting such a program for 42 existing CSA funded CDC's. It is my opinion that this could be extended to individual community CDC's through CAP Agencies or County Manpower Coordinators.

There should be a division of State Offices of Business Development, who have close relations with local CDC's who could explain and coordinate this program.

Other Comments On Title I Provisions:

I. Job Search Assistance.

A. This new activity is of extreme importance and will demand very close cooperation between program operators and Job Service. Clients who have completed their eligible number of weeks on the program and who have not gained unsubsidized employment must be handled differently than ordinary Job Service applicants. Possible development of a CETA division in the Job Service System that would separate records for all persons whom the government has invested money in for work training could simplify statistical information needed to accurately measure results and accomplishments of programs.

II. Delegation of Responsibilities.

A. The delegation of program operational responsibilities to area manpower planning councils whose members serve as volunteers would make this difficult. Outside independent capable planners and evaluations should be utilized in each sub area to advise council on which programs are properly planned, properly executed to meet their goals and objectives and desirable programs to be funded or refunded. This should assist the council in deciding which programs should and which should not receive their recommendations for funding. Fence straddling has been the norm for some area boards with little concern with who has or has not met their program responsibilities.

Title III: Would it be possible for additional work training slots to be provided to Community Action Agencies for minority or migrant groups?

A. Could more Indian or migrants be placed into subsidized employment if they participated in such programs than would be available through operations of their own program upon isolated reservations?

Comment: Probably Indian or migrant programs operated by Indian or migrant people are as productive as programs operated by others. However, if leaders of these movements desire to have opportunities in areas where their programs do not function, arrangement should be made to make this possible.

It appears that the Secretary of Labor has the right to directly fund community-based organizations without any comment, review or veto considerations by the prime sponsor. Also, authority to fund supported employment and training projects. I believe he should exercise this right in the standardization of youth and adult work experience programs.

In another page of my comments, I have mentioned "community-based organizations in areas of Community Development." I would like to recommend that all supported work projects be based upon preliminary experiences and accomplishments and guidelines of Manpower Demonstration Research Corporation. It has been my privilege to observe the activities of this corporation for a few years. There has been enough research and demonstration done to intelligently establish guidelines in how a supported work program can operate. These should be established and the Secretary of Labor should be instructed to set up such programs. He and the Secretary of HEW should immediately initiate cooperative actions to incorporate such programs as a way to welfare reform.

Title IX. Comments About The W.I.N. Program: I have taken testimony of low-income persons at Community Service Administration hearings in Detroit and in Madison, Wisconsin, and have discussed W.I.N.-CETA program directors relations.

Comment from many people who are on the W.I.N. Program called the program demeaning and embarrassing. That W.I.N., like nearly every agency, could usually place the cream of the employees quickly, but the ones most in need rarely. Often, according to CETA program operators, this seems to be true and those that are not placed quickly are terminated. Perhaps this should be further investigated and if true, similar programs can be CETA operated.

Senator NELSON. Our next witness is Michael Galazan, Jewish Vocational Services, Milwaukee. Mike, how are you?

STATEMENT OF MICHAEL GALAZAN, JEWISH VOCATIONAL SERVICES, MILWAUKEE, WIS.

Mr. GALAZAN. Fine, Senator Nelson. I didn't prepare formal material. I will, however, plan to send you some material in the mail when I get back after having appeared here, if that will be all right?

Senator NELSON. If you can have it in within 10 days it will become part of the record. Send it to me in care of Scott Ginsburg.

Mr. GALAZAN. Will do. I do want to share with you some major areas of concern with regard to the CETA programing in Milwaukee County and also possibly with some implications on the national level.

The new legislation that you're working with now I think ought to give us some opportunities to indicate or create some changes in the setting so that there may be more opportunities for participation by the local resources in the CETA programing. The historical development of the CETA programing which was presented several times and I don't think needs to be repeated here has limited the participation in the CETA programing because generally in historical development of any program, you tend to have a group of agencies or organizations that are closely identified with the program development, utilize the resources and since resources are limited generally, you find that increased participation by groups in the community becomes extremely limited.

One of the groups in the community that has minimally participated in CETA programing unfortunately is, both on a local and national level, the handicapped. They have been minimally represented in the CETA population and the groups serving the handicapped have been minimal participants in the CETA programing, although—and I guess, Senator—I'm not certain—but it's my understanding they weren't even included as a priority group in the original CETA legislation and hopefully in the new legislation they will be included as a high-priority group.

Senator NELSON. They are included.

Mr. GALAZAN. Thank you. However, the agencies serving the handicapped—a recent study was made—practically—very few of them have CETA contracts and recent studies by the rehabilitation agencies have served the handicapped in communities over the country and, by the way, I represent a major rehabilitation agency in Milwaukee County and I'm proud to say, Senator, we're the largest rehabilitation agency in the country due to the assistance of yourself and other Federal individuals who helped to develop the major model agency in Milwaukee County.

We're not only the largest rehabilitation agency in the country at this time, but we have carried the most demonstration programs in the country. We've developed the most model programs in areas for the mentally retarded and mentally ill.

And, so that speaking for—as a major agency, I do want to say that it was our experience that as a major agency making major demonstrations and contributions in the field, we weren't able to get a CETA contract until our new executive came into position and placed the handicapped as one of the priorities and the county executive as a major contribution brought in the services to the handicapped. In fact, Milwaukee County, according to a State study, was serving a very low percentage of handicapped people in its CETA population. Therefore, that problem is a real problem because it does mean that there can be isolations of populations based upon the traditional agencies that are in the programs who do not service certain populations because they may not have the skills or the knowledge or the expertise or the commitment. That I think is one problem that ought to somehow be dealt with.

The other problem I think that's significant and I'd like to place—I guess reinforce because it was mentioned before, we have just taken on in Milwaukee County probably one of the major programs in the field of CETA programing for the unskilled and the poor. I guess it's our understanding from the Labor Department that exists in the entire country. We are being looked at now by the Labor Department carefully to see how we effectively carried it out and we're extremely proud that our county executive asked us to take it on.

We've taken it on as a consortium and I think you've heard from the job service and we want to emphasize that we're very pleased and proud of our cooperative effort with the job service and what they are doing and, therefore, we have not only included our own agencies but all of the rehab agencies, plus the OIC and SER to poverty agencies in the consortium and we feel that we are making a major national contribution in bringing together a consortium of resources, including both the handicapped and the poverty groups in trying to deal with a major poverty population.

The total number, Senator, is a large number for a number of agencies and we figure that the number of people we'll be serving will be approximately 8,000 people in the total program. We hope to learn a great deal from this program in terms of—and the resources that we are using which is interesting also, Senator. We are tying together the resources of title XX, funding sources, CETA, DVR, and many of the other resources that are available to the rehab agencies as well as the poverty agencies and so therefore, to me, I would hope, Senator, that you would watch this program carefully and with interest because I think it's going to present a meaningful kind of model program. We also hope that it may be picked as a model program for President Carter's study of his—in the study of new programs to be developed to serve the welfare populations.

It presents many problems and many questions. It has had serious criticism and validity. It is a new program that is attempting to develop its direction. I do want to say, however, that in developing the program we did find out, and we do want to reinforce the statement that the poor are minimally served in the current CETA programing, and generally it's the unemployed who are more qualified, more capable, more competent who have the greatest opportunity to obtain employment in current CETA programing, and therefore this is a fact. This is a study of the total population of the most poor in Milwaukee County, and we found they were minimally represented in the current CETA programing, and in past CETA programing, and therefore, it is yet natural that if you establish a structure where agencies select people for the purposes of providing certain kinds of work in the community, they do not select the individuals who do not have the kind of work habits, work attitudes, and work behavior that could allow them to—allow them to perform the task for which they were selected.

And so, therefore, it is critical that there be agencies, and there be work task developed for that kind of a population, who has a right to work because we first fully believe in the Humphrey bill, that all people have the right to work, and it doesn't mean the amount of production that you could make that gives you the right to work. It's the fact that you're there, you want to work and if you want to work, you have a right to work no matter how much you produce and my feeling is

that current legislation and the current structure is established for those people minimally as though it may be currently who can produce, can go to work, can attend and can then achieve employability.

The other matter I think that's important, Senator, is employment in the private industry sector. That's a perfectly good idea but there are people who cannot achieve that ideal and we have no allowance for that because there are people who cannot produce enough to give the employer enough profit on that individual no matter how much you train them and how much you work with them to achieve the level of employability so that the private sector can hire them. What do we do with them? Are they then to be completely taken out of the work market, completely left out of the CETA programs because they can never achieve employability in the private sector?

That to me is unfair and certainly not in line I'm sure with the congressional concerns. So, I would like to see that employment is not defined as employment only in the private sector. We need to develop the employment opportunities for individuals who cannot achieve the productivity of the private sector and I would like to say—for instance, to tell you at this moment we are, for instance, the largest employer at this time I think nationally of handicapped people and of people with minimal productivity in the country.

Senator NELSON. How many do you employ?

Mr. GALAZAN. We currently employ about 3,000 people in our program.

Senator NELSON. This is in production work?

Mr. GALAZAN. In production work. We get subcontracts from industry. We take people whom industry does not want to employ because they can't make enough profit on them and justifiably. We get contracts from industry which they give to us. We then use them and pay them in our program and we pay them whatever they produce and we also subsidize their production so that they can come and work and they work in our agency.

We've been trying to work a relationship with industry where they could develop such programs right in their own plant so that they could pay below the minimum wage because people cannot produce that much and legislation allows them to do so, but that's not yet been able to be achieved but I would want—would urge that there be support for those kinds of programs so that people who cannot produce the minimum wage in industry can still be employed and can still work.

My whole career of 40 years, Senator, has kind of geared itself, if you want to call it, or committed itself to work for people who cannot achieve the full employment potential of working in private industry and I fully believe in the work ethic. I believe that everybody has a right to work no matter how limited his potential, no matter how limited he can produce and I would like to see legislation in CETA and everywhere have consideration for those kinds of individuals.

We, for instance, are the largest purveyor of food service in Milwaukee County. We currently serve 10,000 meals a day. We serve the aged. We serve youth, and we contract with the county and with other structures and we use handicapped people to produce the food, to sometimes deliver the food and so forth and we use it for training as well and we compete with private industry in competing and bidding for the food service operations, so that we don't ask for any special—

although we do get some special—consideration at the Federal level, and we are grateful for that because we need the work in order to produce this kind of employment.

Now, the other thing we would like to do—to emphasize is that as I indicated originally in my first few comments, we would like to see the encouragement in the legislation of more participation by groups of agencies together in working together as consortiums. I think—I feel that the problem of unemployability and the problem of training and the skills required, the sophistication required, all of that cannot be achieved in the small, unsophisticated structures that are currently getting contracts for CETA to provide training and employment. It's really—it's excellent for the building of community resources possibly but it's a waste of effort and time and skill. I think what we need to do is to encourage a consortium of agencies to get together so that they can purchase the skills, the knowledge, the expertise and the mechanical kind of resources that are needed to meet this kind of problem.

I think the problem of unemployment and the problem of training and the problem of preparing individuals for skills is a very, very difficult one and I think frequently it is possible for agencies with minimal knowledge and minimal skill and minimal expertise to obtain contracts which do not really allow for effective results.

I wasn't keeping time, Senator. I didn't want to go beyond.

Senator NELSON. You have 1 more minute.

Mr. GALAZAN. One more minute. And, I can just indicate my last summary—my summary comment. I would like, Senator, that there be possibly on a national scale more funds available for major demonstrations and major experimental approaches by community agencies on a national level. I think that one of the programs that I look to with greater—that have the most effect in creating resources and in meeting—and overcoming problems was the program and demonstration on the division of vocational rehabilitation at the national level. I remember during those years when those funds were made available, the development of services and programs were massive. The finding and developing of information and new approaches, the problems were significant and I think at this point what is most disappointing is the lack of demonstrations and programs dealing with this problem on a national level that make a significant contribution.

That to me is a very, very sore point and one that I would ask, Senator, if one could look at and share the kind of knowledge that could be developed from those kinds of demonstrations by major agencies that have a contribution to make.

Senator NELSON. Thank you. Thank you very much for your testimony. We appreciate it.

Our next witness is Mr. Wesley Scott, Jr., executive director, Milwaukee Urban League, Milwaukee, Wis. Mr. Scott, we're very pleased to have you here today.

Mr. SCOTT. It's my pleasure, Senator.

Senator NELSON. Thank you.

STATEMENT OF WESLEY SCOTT, JR., EXECUTIVE DIRECTOR, MILWAUKEE URBAN LEAGUE, MILWAUKEE, WIS.

Mr. SCOTT. I'm Wesley Scott and I'm the executive director of the Milwaukee Urban League and the Milwaukee Urban League is a

client-based social welfare agency which has been in operation in Milwaukee since 1919. It is chartered with the State as a nonprofit organization. We are concerned about the problems which confront blacks and other minorities.

Our major approach to dealing with some of the problems is something called advocacy which you don't hear much about any more but we are an advocacy agency. We can proceed on behalf of those who are unable to intercede for themselves with the total goal of the agency being simply that people should have the opportunity to achieve to their full potential wherever they are.

I am pleased to see, of course, any new resources made available that will alleviate some of the problems that blacks and other minorities face. In jobs where economically the situation, of course, is the most serious aspect of what poor people face, no matter who they are, and what people seem to forget from time to time is that since World War II, we have seen six recessions or depressions and what have been recessions in general for the general public have been depressions in the minority community. There has not been a year since World War II when the statistics for unemployment in the ghettos, whether they were Spanish-speaking, black or whatnot, when statistics were not at depression levels which is something that people do not understand and do not realize.

In our community, for instance, we've seen some dramatic kinds of changes take place. In 1940 there were only 8,800 blacks in Milwaukee. In 1950, 22,500. In 1960, 62,500. In 1970, 104,000; and, as of 1975, approximately 150,000 blacks, speaking of blacks alone, and approximately half of that number are 21 years and under which suggests that we have a major youth problem in our community. So, a program like CETA, if properly administered, would certainly have a great impact upon what is happening in that community but we have some—we have some observations to make concerning the conduct of CETA in the community and I have to preface it with this remark: We're not newcomers in this field. It didn't take CETA dollars or any other kind of dollars to get the Urban League involved in this whole field of employment for blacks and other minorities. As I have indicated earlier, we have been in it since 1919. One of the difficulties, of course, is the difference in perception as it relates to what the problem really is. The propensity at this point is to view the problem in a vacuum and unrelated to anything else that's happening in the community. Other kinds of problems—education, housing—these are as much related to CETA as the dollars which come down from the Federal Government.

One of our concerns in terms of the conduct of CETA in Milwaukee has been the lack of progression of CETA applicants into full-time, nonsubsidized employment in either the public or the private sector and there is no structure which will guarantee or provide a pathway or opportunity for an individual that comes off of CETA to get into a nonsubsidized job with any—with any indication that there's going to be a future for this individual. If you want to talk about motivation, if you want to talk about what makes people want to work, there must be this kind of ingredient in the CETA program where one can see light at the end of the tunnel rather than some dead end job or whether it has to do with the job that you're presently in as a CETA employee or whether it has to do with

the training that leads to a job that in itself leads to a dead-end job. These are the kinds of things that although we might want to demean those whom we choose to serve in terms of CETA, they're not stupid. They're intelligent people. They are people who want to work and they can recognize readily the kinds of games that we attempt to play on them.

Now, I would submit to you that part of the difficulty in terms of determining what the problems are as relates in particular to minorities is that in our community the advisory committee that tells the county executive what kind of programs that we need in our community is that there's not a single minority sitting on that advisory committee. I'm not demeaning or denigrating the character of any of those individuals that are there. They are well-meaning citizens and individuals and I would suggest to you that this is a continuation of what has been going on in the past of planning for rather than planning with. I suggest that there ought to be more opportunity for input in terms of—I'm talking about the Executive Council for Economic Development.

Senator NELSON. What about the prime sponsor planning council at the local level?

Mr. SCOTT. That is purely advisory, sir, and I question the efficacy of that committee in terms of the kind of input that is acceptable to the prime sponsor.

Senator NELSON. Thank you.

Mr. SCOTT. And I repeat, it's a question of planning for rather than planning with the community. In that context I would suggest that there be more opportunity for input from those people who will benefit from the program. That there be injected something that deviates from the traditional; namely, some creativity and some imagination. I say to you that in terms of the kinds of jobs that are available in the highly industrialized community from which I come, that they be increased in terms of technology. I'm not knocking it. I'm just stating a fact that the kinds of jobs that are needed are becoming fewer and fewer while the people that need the jobs are increasing in numbers.

We need again to think in terms of new kinds of meaningful jobs, a new kind of training for individuals. There seems to be an inclination to stick to the traditional approach. There's no way in the world, for instance, that business and industry can give everybody a job in Milwaukee that needs one. We need to involve business and industry in a more positive way rather than mere representation and recruiting and training with some emphasis on looking down the road toward the whole bit of retention on the job, and we need to place the role of CETA in its true perspective.

CETA is not here to end all the problems that are existent in the community and it should not operate in a vacuum. It should be replete with educational and training opportunities and be ever aware of the root causes of all our society's ills and the role that CETA is playing in terms of attempting to alleviate them.

Senator NELSON. Thank you very much for your very thoughtful comments. We appreciate you taking the time to come here today and testify.

Mr. SCOTT. Thank you.

Senator NELSON. Thank you. Our next witness is Mr. Hugh Henderson, representing the OIC, Milwaukee. Gentlemen, I appreciate your

taking the time to come. Would you each identify yourself for the reporter so the record will be accurate?

STATEMENT OF HUGH HENDERSON, BOARD CHAIRMAN, OPPORTUNITIES INDUSTRIALIZATION CENTER, MILWAUKEE, WIS., ACCOMPANIED BY CARL NELSON, ASSOCIATE DIRECTOR IN CHARGE OF MANPOWER OPPORTUNITIES INDUSTRIALIZATION CENTER OF GREATER MILWAUKEE

Mr. NELSON. I'm Carl Nelson, associate director in charge of Manpower Opportunities Industrialization Center of Greater Milwaukee.

Mr. HENDERSON. And I'm Hugh Henderson. I'm the board chairman of the OIC of Milwaukee and as of 2 months ago, I am now industrial commissioner for the State of Wisconsin.

Senator, we're very glad to have the privilege to testify before you today, and your colleagues and you have a copy of our prepared remarks that go into greater detail than this summary that I'm going to read to you.

Senator NELSON. Fine. Do you each have a statement or just one statement?

Mr. HENDERSON. I have one.

Senator NELSON. Your statement will be printed in full in the record and it will be helpful if you could highlight it in a summary.

Mr. HENDERSON. All right. I would just like to give you a summary and some points of view that we see as a community-based organization in the city of Milwaukee. I'm sure that our national people have left you with a great deal of material as to their impressions of the new CETA legislation; namely, Reverend Leon Sullivan.

Senator NELSON. I haven't talked to Reverend Sullivan yet but I'm sure I will.

Mr. HENDERSON. I'm sure you will also, but, if I may, from the viewpoint of the Opportunities Industrialization Center of Greater Milwaukee, and as a community-based organization, we are very much concerned with the proposed CETA reauthorization legislation. We would not be opposed to the proposed change concerning the local CETA Planning Council.

The proposed changes in the targeting of comprehensive manpower services to the "economically disadvantaged" is an admirable goal. The limitations of PSE to 78 weeks is also, in our judgment, a positive development.

Another positive change that we would fully support is the concept of forward funding. Clearly, from an operational standpoint, this would make for improved delivery capabilities and probably improved planning capabilities.

The proposed new title VII, "Private Sector Jobs for the Economically Disadvantaged" is also needed. We would strongly recommend that community-based organizations be an intermediary between those employers and the structurally unemployed.

There are also some potential signs of problems in the proposed legislation as we see it. As currently proposed, the job research provisions and seemingly preferential role mandated for the employment service would be, in our opinion, destructive to the present employment and training system already in place. As presently written, the legislation

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would place an undue burden on a prime sponsor to more or less prove that the job service cannot do the job.

Further, a very real question arises in the employment services' ability to provide the type of needed placement services to minorities and women. Past history would indicate that in this area they have not demonstrated an ability to accomplish this task for the poor, minorities, and women. We strongly urge that affirmative action be a stated goal of any new CETA legislation.

We also have concerns over the manner in which the concept of "duplication of efforts" is worded in the proposed legislation. In a coordinated approach to addressing the needs of the unemployed, underemployed, poor, and minorities under CETA, our experience has been that the needs far outweigh the available resources to address them.

The method in which funds are currently allocated should also be examined. It seems to us that in the case of the city and county of Milwaukee, we are constantly punished because of the manner in which the allocation formula takes into account the unemployment rate for the four-county standard metropolitan statistical area as defined by employment service and ignores the exceedingly high unemployment rates in the city and county of Milwaukee. The formula should be revised to eliminate this potentiality.

The appeals process must be clear and workable. Another clarification we would recommend is the language discussing "programs of demonstrated effectiveness" be changed to include "only programs with employment and training experiences". The new youth title IV ought to mandate a role for community-based organizations and be expanded so that the same level and kind of services provided under the proposed title II are available to youth.

Senator NELSON. I might say that the language referring to programs of demonstrated effectiveness was language that we developed because the administration proposal was to eliminate all directly federally funded categorical-type programs, that involved OIC, Green Thumb, SER. It did work successfully, otherwise there wouldn't have been any funding for OIC, Green Thumb, or SER directly. Otherwise they would have had to compete for their funds on an individual basis around the country and since they were established and effective, that's the reason we used that language.

Mr. HENDERSON. Very fine. We were not aware of that.

Senator NELSON. As a matter of fact, we worked it out with Reverend Sullivan and other representatives of such groups. Finally we got the administration to accept it and that made it possible to fund these groups.

Mr. HENDERSON. Thank you, Senator.

We would also like to make a comment on the overall role of community-based organizations in the CETA process. We have a concern that the proposed guidelines have no specific guidelines for determining which programs have, in fact, demonstrated effectiveness.

The language ought to specify that CBO's must be used unless there is a demonstrably better way to provide CETA services.

Senator, I thank you for the opportunity to testify here this morning.

[The prepared statement of Mr. Henderson follows:]

PREPARED STATEMENT OF HUGH HENDERSON

Mr. Chairman: It is indeed a privilege to testify before you today. From the viewpoint of the Opportunities Industrialization Center of Greater Milwaukee, and as a community-based organization, we are very much concerned with the proposed CETA reauthorization legislation. As you are aware, structural unemployment problems are at critical proportions within the city and county of Milwaukee, particularly among the urban minorities residing there. Among black and other minority youth within the central city of Milwaukee, teenagers in the age group 16 through 18 seeking some type of work in the labor force face a better than 50% chance of not finding a job. In the age range 19–21, the figures are not much different, approximately 40% of the individuals actively seeking employment. Among other age groups, the unemployment rate is minimally 21 to 22% within the central city on average. Therefore, we are very much concerned with CETA and the proposal changes. We are also aware of the high cost of joblessness to our community and the enormous resources that need to be made available to combat it. As a recent U.S. News and World Magazine special report edition pointed out, this nation must create in the years ahead approximately 72,000 new jobs every week.

These jobs will most likely be needed by individuals seeking work for the first time. Workers replaced by machines and new technologies and by those unemployed and underemployed, to bring the national jobless rate down to a level of approximately 5% by 1980 and 4% by 1985. That is also another reason why, Senator, innovative programs such as the skilled trades improvement program and the youth entitlement package submitted by County Executive William F. O'Donnell on behalf of Milwaukee County are still badly needed in Milwaukee. We say this despite the funding of the foundry STIP. program in Milwaukee County. It is an excellent project, but we believe that STIP. programs in the areas of the industrial trades and in the appeal industry are avenues worthy of exploration.

CETA as it is presently functioning in Milwaukee County under the guidance of County Executive William F. O'Donnell's manpower division, with appropriate planning council input as required by the current legislation is, we believe, a worthy model for the state and indeed the nation. CETA in Milwaukee County operates utilizing existing community-based organizations, representing the broad cross section of available service deliverers. And we believe, a science attempt is being made to provide CETA services under all titles to those most in need; general assistance recipients and the most severely economically disadvantaged citizens in our community. It is however limited by the level of resources available to combat the dehumanizing aspects of being unemployed. Another documentation source for minorities residing in Milwaukee County (and the City of Milwaukee) was highlighted in articles in the December 31, 1977, New York Times, which stated that the "unemployment statistics for minorities in the City of Milwaukee is four times that for whites". While the statistics quoted, such as the "official unemployment rate for black adults is 19.8 percent, the highest in the nation" . . . and that for black teenagers," the unemployment rate is about 50 percent against 11.6 percent for white teenagers", there can be no doubt that a critical problem does exist. An article that appeared in the Chicago Tribune on Sunday, January 22, 1978, stated the "Milwaukee problem" in a similar fashion. We are here to tell you that we know we have a problem and that is why the proposed revisions of CETA are vitally important to us.

Generally, we are in agreement that changes are needed. We recognize that in varying parts of our nation, prime sponsors do not act as responsibly as does ours in Milwaukee County in seeing that CETA services are in fact delivered to those most in need through usage of existent service deliverers.

The reorganization of the various titles of CETA will make the legislation not only easier to understand, but to administer properly. Also, although OIC-GM feels that the functioning of the present CETA Advisory Planning Councils locally do in fact operate in a manner described in the new legislation, we would not be opposed to the proposed change. We would only hope that funds would be provided for adequate funding of staff for the council so as not to take needed monies from service deliverers.

The proposed changes in the targeting of comprehensive manpower services to the "economically disadvantaged" is an admirable goal. In Milwaukee County, we are in fact, focusing on the most severely disadvantaged, general assistance

recipients, AFDC clients and ex-offenders, along with other severely economically disadvantaged groups. They are, we might add, primarily black. The limitations of PSE to 78 weeks is also, in our judgment, a positive development. Again, in Milwaukee County, through a coordinated supportive work task force sponsored by the County Executive we are actively involved in the development of a model that will move individuals from subsidized work to the private sector. Also, the innovative "learn to earn project," a program designed specifically to address the needs of general assistance recipients is actively working with private sector employers to create movement from PSE to the private sector. This project, under the administrative leadership of the Milwaukee Jewish Vocational Services, is an excellent example of community-based organizations, government and the private sector working in harmony to achieve a goal without the proposed legislation, that of utilizing PSE properly to provide meaningful work experience and training to assure a successful transition from PSE to the private sector in the shortest possible time.

Another positive change that we would fully support is the concept of forward funding. Clearly, from an operational standpoint this would make for improved delivery capabilities and probably improved planning capabilities. We would also hope that the language in the bill as proposed, would allow prime sponsors to provide a similar forward funding situation to service deliverers. The proposed new Title VII, "Private Sector Jobs for the Economically Disadvantaged", is also needed. However, based on our past experience, which has been positive in terms of private sector involvement, we would strongly recommend that community-based organizations be an intermediary between those employers and the structurally unemployed. This suggestion, if incorporated, would help to assure effective delivery of private sector jobs under OJT to the economically disadvantaged and to minorities in particular. As you are aware, Senator, a unique aspect of the OIC movement has always been the direct involvement of the private sector in a partnership concept in attacking the problem of unemployment. Nationally, we have had the direct involvement of major American industry such as General Motors, General Electric, AT&T, IBM, B. F. Goodrich, Sun Oil and a total of approximately 500 to 1000 major corporations. Locally, in Milwaukee, we have the direct involvement of an Assistant Vice President of the First Wisconsin National Bank, an Associate Vice President of Allstate, the manager of employee relations of American Motors on the Board of Directors of OIC–GM. Also, the President of the Milwaukee Building and Construction Trades Council and myself, recently a past staff representative for the United States Steel Workers of America and currently a Commissioner for the State Labor Industry Review Commission.

On our technical advisory committee, we have representatives of a cross section of over 15 major area industries, with many more being involved through a subcommittee structure. The IBM Corporation, on a "gratis-loan basis", has installed on our premises twenty typewriters and twelve keypunch machines utilized to train disadvantaged individuals in secretarial skills. The Harnischfeger Corporation provides steel for our welding students to learn welding on at no cost and the Rexnord Corporation, in addition to hiring many of our graduates, assists us in a variety of ways. We know we can be effective in promoting the intent of the proposed CETA Title VII.

There are also some potential signs of problems in the proposed legislation. As currently proposed, the job search provisions and seemingly preferential role mandated for the employment service would be, in our opinion, destructive to the present employment and training system already in place. We say that despite the fact that at OIC–GM we utilize on a subcontractual basis the Wisconsin Job Service as a placement mechanism for our CETA graduates. We do in fact have an exceptionally positive relationship with the Job Service. However, we also, under the present arrangement, exercise significant control over those job placement activities and are able to maintain the crucial direct employer contacts with employers as OIC and not as the Job Service. We have a reputation of providing quality employees to area employers and that is a significant element in our successful job placement effort. As presently written, the legislation would place an undue burden on a prime sponsor to more or less prove that the Job Service cannot do the job.

Presently, the Job Service must in fact prove itself capable of providing some of the placement activities needed and this factor could prove to be a positive stimulus to assure that the Job Service does not become complacent. Further, a very real question arises in the Employment Services' ability to provide the type

of needed placement services to minorities and women. Past history would indicate that in this area they have not demonstrated an ability to accomplish this task for the poor and minorities. Therefore, we would strongly suggest that this provision be changed. Along with this, we strongly urge the affirmative action be a stated goal of any new CETA legislation.

We also have concerns over the manner in which the concept of "duplication of efforts" is worded in the proposed legislation. In a coordinated approach to addressing the needs of the unemployed, underemployed, poor and minorities under CETA, our experience has been that the needs far outweigh the available resources to address them. In Milwaukee County, we do have a coordinated effort with several community-based organizations providing similar services (along with other entities) in different neighborhoods to different people. The key, Senator, is coordination, such as we feel is already in the present legislation and not duplication. We strongly oppose this language and feel it ought to be clarified or eliminated.

The method in which funds are currently allocated should also be examined. It seems to us that in the case of the City and County of Milwaukee, we are constantly punished because of the manner in which the allocation formula takes into account the unemployment rate for the 4 county standard metropolitan statistical area of defined by Employment Service and ignores the exceedingly high unemployment rates in the City and County of Milwaukee. The formula should be revised to eliminate this potentiality.

The appeals process must be clear and workable. Our recommendation would be that whatever appeal process is awarded to a prime sponsor be also awarded to a subcontractor. Another clarification we would recommend is the language discussing "programs of demonstrated effectiveness" be changed to include "only programs with employment and training experiences". The new youth Title IV ought to mandate a role for CBO's and be expanded so that the same level and kind of services provided under the proposed Title II are available to youth. We would also recommend, as stated earlier, that, as we are doing in Milwaukee, that training be mandated along with other employment services.

We would also like to make a comment on the overall role of community-based organizations in the CETA process. We would like to think that in fact, we play a major role in delivering needed CETA services in Milwaukee. However, as a local affiliate of the Opportunities Industrialization Center of America, our sister OIC's in other parts of the nation, as well as other CBO's do not always have the opportunity to participate as a contributing partner in the CETA delivery mechanism. Therefore, we share a concern with them that the proposed guidelines have no specific guidelines for determining which programs have in fact "demonstrated effectiveness". We do not mean to say that OIC's or other CBO's who are not performing according to contract specifications ought to be included in a CETA delivery system. We feel that only they should be given an opportunity to participate and hope that the committee will take this factor into account in finalizing this legislation. Senator Jacob Javits of New York stated a viewpoint on the floor of the Senate in the debate on Senate Bill 1242 (The Youth Employment and Demonstration Act of 1977) over the roles of CBO's: He stated: "Now we have in the law the requirement for special consideration to community-based organization . . ."

We expect that community-based agencies will be favored unless there is a demonstrable better way . . . community organizations shall be used and they shall be the ones whose services are employed unless there is a demonstrably better way.

We concur with this viewpoint.

Thank you for the opportunity to testify before this committee today.

Senator NELSON. Thank you very much. Our next witness is Mr. William Bailey appearing on behalf of the United Migrant Opportunity Services. Is Mr. Rodriguez here, do you know?

Mr. BAILEY. I don't know Mr. Rodriguez.

Senator NELSON. OK, go ahead. Do you have a prepared statement?

Mr. BAILEY. Yes, sir, I have a prepared testimony.

Senator NELSON. All right.

Mr. BAILEY. I am from the United Migrant Opportunity Services.

Senator NELSON. Thank you.

STATEMENT OF WILLIAM BAILEY, JR., REPRESENTING THE UNITED MIGRANT OPPORTUNITY SERVICES, INC.

Mr. BAILEY. My name is William Bailey, Jr., and I represent the United Migrant Opportunity Services. We have presented to you written testimony of which we also have a summary. I prefer at this time to read the summary and then at the end of that, include some comments about CETA.

Senator NELSON. Fine. The balance of all your statement will be printed in the record.

Mr. BAILEY. Yes. The following is a summary of what we would like to see CETA section 303 accomplish:

One: The best way to help farmworkers is to give them a decisive role in program development. I should have prefaced my remarks by saying that we are participating in CETA section 303—title—or, title III, section 303 of CETA. Farmworker representatives should be utilized in every aspect of program planning by the Department of Labor. Any farmworker program implemented by DOL should include farmworker input.

Two: Presently, supportive programs such as child care are available primarily only to farmworkers enrolled in CETA training programs. These programs should be available to all farmworkers. Such availability would provide incentive for other workers to enroll in training.

Three: Section 303 could assist in supporting economic development activities such as the creation of cooperatives and small businesses by and for farmworkers. Despite statutory limitations on building and funding, CETA could develop packaging of developmental plans, which farmworkers could then carry out.

Four: Section 303 could be used to provide training programs in nontraditional agricultural programs. These include use of solar greenhouses and intensive farming techniques similar to those developed by the French. Training programs that consider the whole aspect of agriculture as a job development process that begins with growing and goes on through gathering, packaging, advertising and marketing could be developed so that farmworkers recognize that agriculture is an occupation where some form of career development is possible.

Five: Training programs which assist the growing industry to look at farming on an apprenticeship level could be created. Again, this would have the effect of helping farmworkers see agricultural work as an occupation with developmental possibilities.

We hope the examples listed above give the subcommittee a view of section 303 as an innovative way of enhancing farmwork.

UMOS believes that section 303 could provide the Department of Labor the means to develop many innovative programs that will make farmwork an honorable and profitable occupation, and thus help create and stabilize what has been a notoriously strong work force.

In my role at the United Migrant Opportunity Services as coordinator of operations, I have found the CETA regulations that address the eligibility of program participants to be exclusionary rather than inclusionary. By that I mean that the CETA regulations addressing program participant eligibility assumes a very middle class posture in interpreting the social and organizational skills of farmworkers. In

doing so it allows for approximately two-thirds of potential client member that could be served.

The CETA regulations state that in order to be eligible for participation in section 303, a person must have worked 50 percent of their employment history in the last 18 months in agricultural work and that 50 percent of their income must have been from agricultural work. They must also provide approval of that employment in order to participate in CETA section 303.

We have five examples of individuals that could be excluded from participation in these programs:

No. 1: The new migrant farmworker. This is an individual that leaves the southern part of the United States frustrated because he cannot find work in that area and resorts to seeking work in the farmwork migrant stream. He has come as far North as the State of Wisconsin with no proof of agricultural work, with no income within the agricultural stream. However, in order to participate in 303, he must present such proof.

No. 2: The day worker. This is an individual that has participated in day-to-day work. Some people call it casual labor. He is recruited by farm labor recruiters or independent farmers to work on a day-to-day basis and to receive wages on that day. The recording and the proof of those wages and that labor is hard to come by in the State of Wisconsin.

No. 3: The Puerto Rican worker who has served in agricultural lifestyles in the State of Puerto Rico which are also difficult to document.

No. 4: The field worker who is recruited by agribusiness in the seven States which include in their activity the processing plant. The individual is recruited as a field worker and brought to the State. However, once he reaches the State, he is involved in a series of work tasks that may include field work which would not accomplish the 50 percentile. He may be involved in the processing operation.

No. 5: The undocumented worker. Last year out of 2,700 people served in our program, forty percent were documented foreign worker. It appears to us that CETA has not interpreted in terms of the reality of the personal or personalities involved in migrant farmwork. This concludes the statement.

[The prepared statement of Mr. Bailey follows:]

PREPARED STATEMENT OF WILLIAM BAILEY, JR.

Mr. Chairman, and members of the subcommittee, I am pleased to be here today to present the view of United Migrant Opportunity Services, Inc. (UMOS).

UMOS is a private, non-profit agency funded by the Department of Labor to provide services to migrant and seasonal farmworkers under Title III, Section 303 of CETA. It has an operating annual budget of approximately $3 million. The program annually serves approximately 2700 migrant and seasonal farmworkers.

UMOS has studied the CETA Reauthorization Bill, as written by the Department of Labor, to determine whether the interests of farmworkers have received adequate consideration in the proposed reauthorization. We would consider such legislation to be adequate only if it protects both those persons remaining in farmwork and those who may move to other types of employment.

In the past, we have been concerned that the interpretation given to the existing CETA law by the Department of Labor has been to emphasize education and training which will move persons away from agricultural work, to the neglect of the needs of persons remaining in farmwork. The Department of Labor's position is reflected in the language it has proposed for Section 303, on Migrant and Seasonal Farmworker Employment and Training Programs.

This language states that "to the maximum extent feasible, programs and activities supported under this Section shall emphasize training and other employment-related services for participants that are designed to enhance their employability and earnings, including but not limited to services that will help participants prepare for and obtain nonagricultural employment."

UMOS's concern is that emphasis on education and training ignores the fact that there are many farmworkers who do not want to leave or are unable to leave agricultural labor.

As a farmworker representative, UMOS believes that Section 303 of the new CETA law should be structured so that its priority is on upgrading the status of working underemployed farmworkers by supporting efforts which are geared to maintaining adequate lifestyles and the well-being of these workers. The life of the farmworker is a difficult one given the especially difficult and complex nature of their manpower problems, limited educational opportunities, language and cultural barriers, their physical isolation, their need to move from job to job, and the health problems which are symptomatic of agricultural work. However, with better personal and vocational tools with which to survive and develop, the American farmworker can enjoy the quality of life provided other skilled workers. With an emphasis in the new CETA law on the farmworker who is remaining in agricultural life, Section 303 programs could provide the full range of special services necessary to better farmworker life. According to the Department of Agriculture there is a need for about 3 million workers in agriculture each year. Thus, using Section 303 to develop programs to enhance farmwork life would assist to fulfill CETA's stated purpose of maximizing employment opportunities by making agricultural work a viable employment alternative for American workers.

UMOS believes that Section 303 could provide the Department of Labor the means to develop many innovative programs that will make farmwork an honorable and profitable occupation, and thus help create and stabilize what has been a notoriously strong work force. We would like to present the following examples of the types of vital goals and programs which Section 303 could accomplish.

1. The best way to help farmworkers is to give them a decisive role in program development. Farmworker representatives should be utilized in every aspect of program planning by the Department of Labor. Any farmworker program implemented by DOL should include farmworker input.

2. Presently, supportive programs such as child care are available primarily only to farmworkers enrolled in CETA training programs. These programs should be available to all farmworkers. Such availability would provide incentive for other workers to enroll in training.

3. Section 303 could assist in supporting economic development activities such as the creation of cooperatives and small businesses by and for farmworkers. Despite statutory limitations on building and funding, CETA could develop packaging of developmental plans, which farmworkers could then carry out.

4. Section 303 could be used to provide training programs in non-traditional agricultural programs. These include use of solar greenhouses and intensive farming techniques similar to those developed by the French. Training programs that consider the whole aspect of agriculture as a job development process that begins with growing and goes on through gathering, packaging, advertising and marketing could be developed so that farmworkers recognize that agriculture is an occupation where some form of career development is possible.

5. Training programs which assist the growing industry to look at farming on an apprenticeship level could be created. Again, this would have the effect of helping farmworkers see agricultural work as an occupation with development possibilities.

UMOS has presented these examples so that the Subcommittee can get a view of Section 303 as an innovative way of enhancing farmwork. In many areas, 303 is the only tool available for that goal. We strongly urge the Subcommittee to write Section 303 so that these programs to meet the needs of persons remaining in farmwork will be supported.

At the same time, we wish to make it clear that our concern covers both those persons leaving agricultural work and those remaining in farmwork. We strongly urge that the Subcommittee take both of these concerns into consideration in reauthorizing the CETA law.

There are two approaches that the Subcommittee could take to make sure both groups are included in CETA. One is to expand Section 303 so that it is clear that both supportive services for farmworkers and training and education for persons leaving farmwork are provided. Or the Subcommittee might expand other

sections of the new law to include explicitly in manpower and training programs those persons moving out of farmwork.

The special needs of farmworkers were recognized in the original CETA law, with Section 303. We hope that the new law will provide maximum support for persons in agricultural work and explicitly address the needs of persons remaining in farmwork.

Senator NELSON. Thank you very much for your testimony. We appreciate having been presented with your views. We have had some conferences with representatives in the Labor Department and farmworkers, as you suggest, under item 1 and we'll pursue that further. Thank you very much.

Mr. BAILEY. Thank you for your time, sir.

Senator NELSON. Is Mr. Rodriguez here?

Our next and final witness then is Tiny Wells and Charles Anderson for the American Federation of State, County, and Municipal Employees. Is Mr. Anderson here?

STATEMENT OF TINY WELLS AND CHARLES ANDERSON, REPRESENTING THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES

Mr. WELLS. Just so you know the difference, I'm Tiny Wells. He's Charles Anderson.

Senator NELSON. I knew you 30 years ago, Tiny. You haven't changed much.

Mr. WELLS. There's one thing I'd like to get corrected. I see Phil Lerman is still in the room and I notice that he got five lines and on Zel Rice, you got everything correct, Senator; and, AFSCME is spelled A-F-S-C-M-E and the C is missing. And, we always like to talk about communication and care and counties and counties, if we eliminate them, the C is gone.

Senator NELSON. You know, Tiny, that just cost me a dollar. I bet a dollar you'd never notice it but you did. Well, go ahead.

Mr. WELLS. OK. I would like to say this, that on a national level I'm quite sure you will hear from our international president and we did not come with a prepared statement but we would like to talk to you about some of the things that are happening in Wisconsin.

Senator NELSON. Bill Welch from the American Federation of State, County, and Municipal Employees, Washington, will be testifying and covering one or two of the issues that I'm sure you're here about today. Go ahead.

Mr. WELLS. Right. So, what I'd like to talk to you about, first of all we think the CETA program is a very positive program and we certainly endorse the program. However, I'm probably going to make a statement which is different than most the other people made during the course of today's testimony.

We are interested in the fact that we feel that the Federal regulations need more enforcement rather than having the local prime sponsors or the State have too much latitude. We are interested, I believe, in the same things that the Senator and those people who are involved in the legislation concerning CETA, and that is we want to make sure that there is some proper training for those people who are unemployed or underemployed. However, we concern ourselves with the fact that substitution of funds from Federal funds rather than that

which is budgetary eliminates people in permanent positions and provides part-time employments.

We will provide you with documentation concerning problems within the State of Wisconsin whereby, because of the union's involvement, entire programs are being scrapped and rather than have this misinterpreted by the media or by other people in this room or by the Senator himself, we will provide you documentation in which the director of the prime sponsor says because of union involvement, we are scrapping the entire program.

Now, I think this is the kind of thing that would provide evidence that we need a better program. We don't also necessarily feel that the limitation of the 1 year and the 18 months is necessary criteria because I think Mr. Lerman made a factual statement where there is correct dual involvement of the labor representative in the area that things can be worked out, so that there is a true picture of where the employer says if I receive so much funding out of the CETA operation, I will, with a full intent, attempt to acquaint these people to our regular work force.

Now, this is what we are interested in. We are not interested in having our people work alongside of other people who will be there for a period of time and then go back on the relief roll. I think union's full intent is that they become a part of our bargaining unit.

There are those who would attempt to say well, that just means that that's another one that they can collect dues from. We feel that that is not the true purpose. We do feel that if they are to be trained to be able to go out into the job market, that the positions that they take should be positions in which they become fully trained and that they become a part of society that has a training program or a probationary period and that—and a successful completion of that probation period that they are eligible to become a part of the job market.

Now, these are the kind of things we do not feel that an attempt by saying it is attrition and we have no money in the budget, that those should give employers an opportunity just to put people on to do jobs of permanent employees.

We will also attempt through our documentation to show you where we're talking about an employer that has almost 40 percent of its total employment on seasonal, limited term, whatever rationale they use in deciphering these people who are not full employment and when it is a large employer, we certainly feel that that kind of documentation would be advantageous for your committee in arriving at the necessary regulations that should be followed in making a CETA program a program that, while there are many people who will attempt to say they—it needs a lot of changes, we feel it is good for the community, many communities because of limited operations with levy limits, certainly need the kind of CETA programs that are being attempted here and we will be sure that this testimony and documentation is brought to your attention within the next 10 days. Thank you.

Senator NELSON. Thank you, Tiny. The program never was intended to be a general revenue sharing program and we've had that argument off and on, particularly in conferences with the House. It is not the purpose of the program, to serve as general revenue sharing so to speak to pay for jobs that were classified positions prior to the program. It was never intended that those jobs be filled with CETA work-

ers unless they're filled permanently with CETA workers after a training program which nobody has any objection to.

If there is a vacancy and they're qualified to work, nobody objects to that. That's one of the reasons, however, for limiting the time that one may participate in a CETA program.

Its purpose would limit the practice of municipalities, placing a large part of the work force in temporary positions with a continuous rotation. That circumvents the intent of the law, too. But, we'll be glad to have that documentation for the record and I'm assuming whatever is happening in the State of Wisconsin is happening elsewhere. I expect from other reports that we get from time to time that whereas it appears to occur here and maybe occurs some everyplace, that it is much more widespread in some jurisdictions and municipalities than in others. We would appreciate having your documentation of the problem. How soon would you have the material?

Mr. WELLS. We'll send it to Scott within the next 10 days.

Senator NELSON. All right.

Mr. WELLS. And we'll try to have it to you within a week.

[Material subsequently supplied for the record follows:]

American Federation of STATE, COUNTY, and MUNICIPAL EMPLOYEES - AFL-CIO
WISCONSIN OFFICE

5 ODANA COURT, MADISON, WISCONSIN 53719
TELEPHONE 608 271-8650
TELEX 26-5466

JERRY WURF
President

WILLIAM LUCY
Secretary-Treasurer

WASHINGTON, D. C. 20036

ARTHUR R. WELLS
International Coordinator

RON DOMINO
P E O P L E Director

March 3, 1978

Senator Gaylord Nelson
Senate Office Building
Washington, DC 20510

Dear Senator Nelson,

First let me thank you for the opportunity to appear before your subcommittee on March 25, 1978. It was also very nice to talk with you socially as well.

I am enclosing material from two specific areas which I broadly covered in the oral presentation. One being a case where the CETA Director has laid off all of the CETA employees in the City of Oshkosh Library who are in the bargaining unit covered by AFSCME, Local 796-A.

This was done because of the Union giving CETA employees the protection due them under the CETA regulations. The letter to me from LeNore Hamrick spells out in detail the specifics. I also hope that you will note that those CETA employees in the Library who are not in the bargaining unit still remain.

I might also add that the Director in the above case was Helen Kenney who also spoke at the hearing. After the meeting she came over to me and said, "I'm Helen Kenney and I'm from Oshkosh. It seems you cited our problem when you addressed the subcommittee".

I am also enclosing some correspondence from the problem AFSCME, Local 71, Kenosha City Employees is having with TRICO-CETAC where we have permanent employees who are laid off and CETA employees are doing their work. Exhibit #1 is a copy of time records for a group of permanent DPW employees. Exhibit #2 is a copy of CETA employer time records of the same time. Exhibit #3 is a list of Street Department employees who work in the Solid Waste Division due to illnesses, etc., on a daily basis. While these employees are so assigned in the Solid Waste Division, CETA employees are doing their work in the Street Department while permanent Solid Waste Division employees are laid off. I know it sounds like going around in a circle but that's what it is. The sad part is our permanent employees are on the outside looking in.

Charles Anderson will also be forwarding some information to you. He has been ill for the past several days and I hope he will return on Monday.

Sincerely,

Arthur Wells
I.U.A.C.

AW/nc

Enclosures

Wisconsin Council of County and Municipal Employees

ROBERT J. OBERBECK
EXECUTIVE DIRECTOR

5 ODANA COURT • MADISON, WISCONSIN 53719 • 608/274-9100

LENORE J. HAMRICK
REPRESENTATIVE, WINNEBAGO DISTRICT
1036 MOUNT VERNON
OSHKOSH, WISCONSIN 54901
414/233-5773

February 22, 1978

RECEIVED
FEB 1 - 1978
A. F. S. C. M. E.
WISCONSIN OFFICE
MADISON, WIS.

Mr. Arthur Wells,
Area Coordinator
AFSCME, AFL-CIO
5 Odana Court
Madison, Wisconsin 53719

Re: CETA

Dear Tiny:

Attached are three (3) letters I recently received copies of which may be of interest to you as they relate to areas of difficulty this district is currently having with the Winne-Fond CETA Consortium.

All AFSCME contracts in Winnebago County (including county, city, utility and school employers) currently contain provisions requiring the employer to cover all bargaining unit employees under the Wisconsin Retirement Fund. In each contract the employer is obligated to pay a portion or all of the employees' contribution to the Fund.

As noted in the memorandum to "Winnebago County CETA Employees" and the letter to Mr. Norbert Svatos (Oshkosh Personnel Director) the Winne-Fond Consortium has made the decision to exempt all CETA funded employees from WRF. The result of this action is a direct contract violation by every Employer who is using CETA funding. In addition employees who eventually obtain non-CETA funded positions with these employers have lost WRF credit for whatever length of service they worked under CETA funding. Since many employees do obtain non-funded positions, the impact of this situation is by no means small. It should also be noted that employees not under WRF are also exempt from Social Security, thereby causing a loss of credit for this work under that program also.

The letter directed to Frederick Giese relates to a specific problem area AFSCME is experiencing with CETA funded positions at the Oshkosh Public Library. This same letter was sent to ten (10) other CETA funded employees at the library which includes all CETA funded employees at the library except two (2) professional employees who's positions are not included under the terms of the 1977-78 labor agreement.

Problems at the library initially began in May, 1977, when several CETA funded employees were notified of a lay-off to be effective 7/1/77 (the labor agreement requires a 60-day notice of intent to lay-off). In June, 1977, Union officials met with employer representatives to explain the need to follow contract provisions regarding lay-off (the contract requires lay-off by inverse order of seniority within classification and recall by seniority). The employer, recognizing that a contract violation would occur if a lay-off ocurred 7/1/77, requested a 6-month extension of funding for these CETA employees scheduled for lay-off. The request was granted by Winne-Consortium.

On 12/31/77 these same employees were laid off. At that time there was no contract violation. However, immediately thereafter the employer was provided with continued funding for the positions these employees had been laid off from provided new employees were hired. At that point a grievance was filed based on the recall language of the contract. The Union's position was and remains that to hire new employees before recalling laid off employees violated the provisions of the labor agreement. However, the remaining CETA employees could remain for the length of their funding since the laid off employees did not possess the qualifications to perform the jobs held by these eleven (11) employees.

It is not known why the Winne-Fond Consortium decided to withdraw all funding of bargaining unit positions since the eleven (11) employees effected by the decision were not involved in the contract violations.

It should also be noted that during the three (3) years the library has been receiving CETA funds there have been no POSITIONS ADDED TO THE LIBRARY BUDGET. In addition, one (1) of the CETA funded employees laid off 12/31/77 had worked in the same position for the entire three (3) years and although this employee was laid off, the same position would have been refunded for a new employee had the Union not grieved the matter.

February 22, 19[illegible]

It is hoped that this information will be of help to you.
If you need anything further please let me know.

Fraternally,

LeNore J. Hamrick
Business Representative

C.E.T.A.
Comprehensive Employment and Training Act

P.O. Box 2089 • Oshkosh, Wisconsin 54901

HELEN D. KENNEY, Director
AL WENTZ, Deputy Director
Oshkosh Administrative Office
235-5024 • 235-2500 • 688-5503
Fond du Lac Office
921-5600

RECEIVED
FEB 27 1978
A. F. S. C. M. E.
WISCONSIN OFFICE
MADISON, WIS.

Betty Jane Odde

TO: Winnebago County CETA Employees DATE: January 6, 1978

FROM: Helen D. Kenney, Director

SUBJECT: Retirement Benefits

This memo is being distributed to all Winnebago County CETA employees who received the memo dated January 5, 1978, from Gerald Lang, Director of Personnel. I hope that this memo can clarify the situation and provide you with the background on the retirement issue.

The issue arose with the publication of the new Federal Regulations received by this office on October 24, 1977. These regulations contained a new provision which greatly limited the discretion of employers to provide retirement benefits to CETA participants. However, the Wisconsin Retirement Fund (in which Winnebago County participates) was a special case and needed further clarification with respect to CETA. We at the Winne-Fond Consortium received this clarification on December 12, 1977, from the State of Wisconsin in which it was specifically stated that CETA employees cannot participate in the Wisconsin Retirement Fund. Winne-Fond then additionally communicated with regional and federal authorities before notifying all employers on December 29, 1977, of the Wisconsin Retirement decision.

As a point of clarification, it must be noted that the decision to exclude these benefits was not made by Winne-Fond nor by Federal regulation and the Wisconsin Retirement Fund legal determination. All CETA participants would have been excluded from retirement and social security benefits by the Wisconsin Retirement Fund regardless of Winne-Fond's position.

Of most concern to participants, however, is how this will affect you. Most important, you will note an increase in your take-home pay because the deductions for retirement and social security will not be made from your gross pay. As a result, you, the participant, will immediately benefit by having more spendable income. We feel that this is more in line with the intent of CETA and that retirement and social security benefits will accrue to you when you enter a permanent, unsubsidized position which is the ultimate goal of CETA employment.

The Department of Labor's decision means that more participants will benefit from CETA monies rather than placing your money in retirement programs from which you may never benefit.

Also sent to Tai Huynh
Nancy Johnson
Diane Plath
Josephine Schuman

cc: Jim Zboray
Mrs Banville
Mrs. Pieper
Mr. Sharratt

31-279 O - 78 - 40

Rec'd 2/21/78

Winne-Fond Consortium

C.E.T.A.
Comprehensive Employment and Training Act

P.O. Box 2488 • Wittman Field
Oshkosh, Wisconsin 54901

HELEN B. KENNEY, Director
AL WENTZ, Deputy Director
Oshkosh Administrative Office
235-6024 • 235-2500 • 688-5583
Fond du Lac Office
921-6600

February 20, 1978

Mr. Frederick Giese
P. O. Box [illegible]
Winnebago, WI 54985

Dear Mr. Giese:

As requested by the union, this letter is formal notification to terminate the position which you now hold at the Oshkosh Public Library. The funding for your position will end on April 15, 1978, allowing you approximately two months in which to obtain other employment, either CETA or permanent.

We regret having to make this decision, however, the union is requiring that individuals who have been terminated from CETA positions because their time in those positions has expired must be rehired before someone else can take those jobs. Present Winne-Fond Consortium policy does not allow rehiring of these people, and so the positions are unfilled. Because of this dispute and because money for these unfilled jobs is not being used, we must redistribute the money to other employers.

I would encourage you to begin seeking other employment immediately because there are many other CETA jobs available. Also, the private job market is good and you may be able to obtain permanent employment. In either case, check with the Job Service office for assistance.

If you have further questions, call Bob Macke, Winnebago County CETA Coordinator at 235-6024.

Sincerely,

WINNE-FOND CONSORTIUM

Helen B. Kenney, Director

HBK:AW:dv

Winne-Fond Consortium

C.E.T.A.
Comprehensive Employment and Training Act

P.O. Box 2486 * Witzman Field
Oshkosh, Wisconsin 54901

HELEN B. KENNEY, Director
AL WENTZ, Deputy Director
Oshkosh Administrative Office
235-4024 * 236-2400 * Ext. 2403
Fond du Lac Office
921-5608

December 30, 1977

Mr. Norb Svatos
City of Oshkosh
215 Church Avenue
P. O. Box 1130
Oshkosh, WI 54901

Dear Mr. Svatos:

This is to inform you that effective January 1, 1978, Winne-Fond Consortium will no longer pay retirement benefits to its participants. The reference for this change is the Code of Federal Regulations, Section 98.25.

The background to this problem is quite complex but is primarily based upon the premise that CETA funds should be used for employment and training rather than funding retirement plans for temporary employees who will not benefit from them.

We would appreciate your not billing Winne-Fond for these charges after December 31, 1977, reimbursements as monies will be deobligated from your account to enable us to add additional participants.

Our Contract Specialist, Mark Emery, will be adding an addendum to any existing contracts to facilitate this change.

If you have any questions or concerns, feel free to contact us.

Sincerely,

WINNE-FOND CONSORTIUM

Helen B. Kenney

Helen B. Kenney, Director

HBK:du

ROBERT J. OBERBROCK
EXECUTIVE DIRECTOR

Wisconsin Council of County and Municipal Employees

5 YUMA COURT • MADISON, WISCONSIN 53710 • 608/274-9100

March 3, 1978

TO: Tiny Wells

FROM: Rich Abelson

RE: City of Kenosha, Local 71, CETA Problems

As you are aware the City of Kenosha Employees, Local 71, has been having problems with CETA funded positions within their bargaining unit. A background of the problem is as follows:

1) The City of Kenosha effected a major change in operation to "curb-line" garbage pick-up (from backyard pick-up). This meant a reduction in work force in the Solid Waste Division of the Department of Public Works of approximately 19 positions. All affected employees were represented by Local 71. Three of the 19 employees were either probationary or CETA funded, so they were the first to go. Two of the remaining 16 had the seniority to "bump" into other positions. (Contractual bumping was to any position for which an employee was qualified, at the same level as any new employee, bargaining unit wide, in any equal or lower paying position.)

2) The remaining 14 employees were laid off on Friday, May 6, 1977. On Monday, May 9, 1977, all 14 employees were re-employed by the City through the use of Counter-recession (revenue sharing) funds. The employees never missed a regularly scheduled day of work, and were compensated at the union contract levels.

AFFILIATED WITH THE
AMERICAN FEDERATION OF STATE COUNTY AND MUNICIPAL EMPLOYEES
AFL-CIO

3) The City contended that the 14 employees were no longer represented by Local 71 due to their new temporary status and that all 14 were on layoff status. The union grieved on the basis that they were not on layoff due to their not missing any work at their continued compensation at union contract levels.

4) The grievance went to arbitration and in late November the arbitrator upheld the position of the City.

5) On January 1, 1978, the remaining employees (those still on counter-recession funds) were actually severed from employment.

The problem with CETA positions concerns the replacement of laid-off employees with CETA funded positions. Seniority within the Local 71 contract extends bargaining unit wide. Within the jurisdiction of Local 71, there are approximately 90 CETA employees. Actual indirect replacement is taking place substituting CETA funds for City funds.

The Local's first contact with our prime sponsor, TRICO-CETAC, came in August, 1977. This meeting held at the indirect request of Local 71 was purely informational in nature. When the arbitration was awarded to the City the Local contacted TRICO-CETAC and informed them of the "maintenance of effort" violations. The enclosed documentation and correspondence in chronological sequence will bring you fully up-to-date with the progress of TRICO-CETAC's action.

If you have any questions concerning any of the enclosed information, please feel free to contact me. Let me emphasize in closing that to this date, we have not received any response from TRICO-CETAC, and further, new positions are still being funded in the City of Kenosha within the jurisdiction of our bargaining unit.

RA/nc

Enclosures

Alleged CETA abuse

Saftig responds to charges

Mayor Paul Saftig today labeled Local 71 Business Representative Richard Abelson's statements that the city is mis-using CETA employees as being "unfounded" and said that the city is more interested in seeing "people work than lose their jobs."

Abelson has charged the city with using employees under the federal program to do essential city work, thereby allowing the city to get by without hiring new employees. He has filed his complaint with the regional CETA office in Racine and has asked that the city be forced to repay $350,000 in federal money used to pay the approximately 90 CETA workers employed by the city.

In a press release, Saftig said:

"The demand by Local 71 representatives that 90 CETA employees be fired came as a complete surprise because this issue had been raised on August 29, 1977 with the TRICO-CETAC Board and the union was requested at that time to present documentation of their accusations. It is our understanding that to date they have not presented to the board any documentation of any allegations.

"The CETA is a federally funded program to create jobs over and above those which local governments have been able to finance on their own. The employees that have been hired under this program were the long-term unemployed, including Vietnam veterans and welfare recepients. This program was established to put people to work and take them off the unemployment and welfare rolls.

"Mr. Abelson contends that if one regular employee is laid off, 90 CETA employees should be laid off resulting in 91 people being out of work.

"There are more than 600 CETA employees currently on the payrolls in the Kenosha County area. This is comparable to having a new industry locating in our area pumping new money into the local economy.

"It should be stressed that the decision to go to curbside pickup and to eliminate these employees was made eight months prior to implementation of any CETA projects.

"One of Mr. Abelson's concerns seems to be the size of his bargaining unit, and he is quoted as saying 'for every 10 CETA employees the city hires we lose a bargaining unit employee.' As mayor of the City of Kenosha, I am interested in putting people to work and keeping them employed, and not in the number of employees paying union dues to Mr. Abelson's organization.

"One thing I agree with Mr. Abelson is his quote that 'the city has become very proficient at grabbing at any federal money it can.'

"We take this as a compliment and assure him that the city will continue to seek out federal funds whenever they become available.

"We realize that federal funds are paid for by the taxpayer, but if the City of Kenosha does not receive these funds there are thousands of other communities in the country that will spend them for us."

EXHIBIT #1

Permanent Employee Activity Cards Doing Same Work as CETA

MAN NO. 515 EMPLOYEE NAME Joe Kapesky
DEPT NO. Street FUND
REGULAR HOURS 5 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Crosswalks (Painting)
PROJECT NO.
ACTIVITY NO. 223 DATE 8-22-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5300 EMPLOYEE NAME Elmo Brennan
DEPT NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Mall work
PROJECT NO.
ACTIVITY NO. DATE 8-25-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5773 EMPLOYEE NAME Hawn
DEPT NO. St. FUND
REGULAR HOURS 6 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Mixed Cutback Spread
PROJECT NO.
ACTIVITY NO. DATE 8-24-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5079 EMPLOYEE NAME Brooks
DEPT NO. 22 FUND
REGULAR HOURS 2 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Street Maint.
PROJECT NO.
ACTIVITY NO. DATE 8-26-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5115 EMPLOYEE NAME Joe Kozisky
DEPT NO. Street FUND
REGULAR HOURS 5 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Street Maint.
PROJECT NO.
ACTIVITY NO. 223 DATE 8-26-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5115 EMPLOYEE NAME Joe Kozisky
DEPT NO. Street FUND
REGULAR HOURS 3 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Street Work (Bus Stops)
PROJECT NO.
ACTIVITY NO. 224 DATE 8-25-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5115 EMPLOYEE NAME Joe Kozisky
DEPT NO. Street FUND
REGULAR HOURS 5 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION Street Cleaning
PROJECT NO.
ACTIVITY NO. 223 DATE 8-23-77

MAN NO. ___ EMPLOYEE NAME R. Horton
DEPT NO. Street FUND ___
REGULAR HOURS 5 RATE ___
OVERTIME HOURS ___ RATE ___
PROJECT DESCRIPTION & LOCATION Street Painting
PROJECT NO. ___
ACTIVITY NO. 133 DATE 9-13-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 463 EMPLOYEE NAME R. Horton
DEPT NO. Street FUND ___
REGULAR HOURS 4 RATE ___
OVERTIME HOURS ___ RATE ___
PROJECT DESCRIPTION & LOCATION Paint Work
PROJECT NO. ___
ACTIVITY NO. 134 DATE 9-15-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 463 EMPLOYEE NAME R. Horton
DEPT NO. Street FUND ___
REGULAR HOURS 8 RATE ___
OVERTIME HOURS ___ RATE ___
PROJECT DESCRIPTION & LOCATION Paint Work
PROJECT NO. ___
ACTIVITY NO. 134 DATE 9-16-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 463 EMPLOYEE NAME R. Horton
DEPT NO. Street FUND ___
REGULAR HOURS 5 RATE ___
OVERTIME HOURS ___ RATE ___
PROJECT DESCRIPTION & LOCATION Paint Work
PROJECT NO. ___
ACTIVITY NO. 134 DATE 9-17-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

EMPLOYEE NAME Joe Kopecky

DEPT NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION
Field Work

PROJECT NO.

ACTIVITY NO. 224 DATE 9-16-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5115 EMPLOYEE NAME Joe Kopecky

DEPT NO. Street FUND

REGULAR HOURS 3 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION
Field Work

PROJECT NO.

ACTIVITY NO. 224 DATE 9-14-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5115 EMPLOYEE NAME Joe Kopecky

DEPT NO. Street FUND

REGULAR HOURS 4 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION
Field Work

PROJECT NO.

ACTIVITY NO. 224 DATE 9-13-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5163 EMPLOYEE NAME R Yates

DEPT NO. Street FUND

REGULAR HOURS 5 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION
Field Work

PROJECT NO.

ACTIVITY NO. 224 DATE 9-12-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

EXHIBIT #2

CETA Employees

MAN NO. _____ EMPLOYEE NAME MARVIN L CLOSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

street sweeping

CETA - Street

PROJECT NO. _____

ACTIVITY NO. 223 DATE 23 AUG 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO. _____ EMPLOYEE NAME MARVIN CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8/25 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO _____ EMPLOYEE NAME MARVIN CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8/26/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO. _____ EMPLOYEE NAME MARVIN CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street painting

MAN NO. _____ EMPLOYEE NAME MARVIN A CEARS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 227 DATE 22 Aug 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93052

MAN NO. _____ EMPLOYEE NAME Nick Giannasi

DEPT NO. Str FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Weed [illegible]

PROJECT NO. _____

ACTIVITY NO. _____ DATE August 6, 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93052

MAN NO. _____ EMPLOYEE NAME [illegible]

DEPT NO. St. FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Flood Control

PROJECT NO. _____

ACTIVITY NO. _____ DATE 8-26-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93052

MAN NO. _____ EMPLOYEE NAME Nick Giannasi

DEPT NO. St. FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

PROJECT NO. _____

ACTIVITY NO. _____ DATE 8-24-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 63.5-24 EMPLOYEE NAME Nick Guarnsco
DEPT NO. Str. FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Yardwork
PROJECT NO.
ACTIVITY NO. 1 DATE 8/22/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 3881 EMPLOYEE NAME [illegible]
DEPT NO. St & Light FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Yard
PROJECT NO.
ACTIVITY NO. DATE 3/25/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5334 EMPLOYEE NAME Leon Hall
DEPT NO. Street Dept FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Yard Work
PROJECT NO.
ACTIVITY NO. DATE 3/26/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO.
ACTIVITY NO. 223 DATE 8/24/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 8/25/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 8/24/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 23 Aug 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 8-26-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT. NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-25-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93057

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT. NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-23-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93057

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT. NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE _____

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO. _____ EMPLOYEE NAME MANUEL SAXTON

DEPT. NO. STREET FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-23-77

31-279 - 78 - 20

MAN NO. _____ EMPLOYEE NAME Manuel Sosa

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Paint

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-22-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Steve THIEM

DEPT NO. Street FUND _____

REGULAR HOURS 1 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Paint

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-22-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street paint

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-23-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Paint

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-24-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. _____ FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Patching

PROJECT NO. _____

ACTIVITY NO. 223 DATE 8-25-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION Street Patching

PROJECT NO. _____

ACTIVITY NO. 223 DATE 26 Aug 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. 5200 EMPLOYEE NAME Walter Liebhaber

DEPT NO. 11 FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Yd work

PROJECT NO. _____

ACTIVITY NO. _____ DATE 8/26/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

DEPT NO. Street FUND
REGULAR HOURS 7 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Field work
PROJECT NO.
ACTIVITY NO. 224 DATE 12 Sept 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME MARVIN L CROSS
DEPT NO. Street FUND
REGULAR HOURS 6 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO.
ACTIVITY NO. 223 DATE 12 Sept 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME MARVIN L CROSS
DEPT NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Field work
PROJECT NO.
ACTIVITY NO. 224 DATE 13 Sept 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME MARVIN L CROSS
DEPT NO. Street FUND
REGULAR HOURS 7 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Street Painting CETA
PROJECT NO.
ACTIVITY NO. 223 DATE 14 Sept 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L. CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Field work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 15 Sept 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 15 Sept

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME P.L. To Jimmie

DEPT NO. Str. T FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Field Wor

PROJECT NO. _____

ACTIVITY NO. 114 DATE 9/2/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME P.L. To Jimmie

DEPT NO. St. T FUND _____

REGULAR HOURS 3 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Paint

PROJECT NO. _____

ACTIVITY NO. 1 DATE 9/2/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. Street FUND _____

REGULAR HOURS 5 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 9/13/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez

DEPT. NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting cont.

PROJECT NO. _____

ACTIVITY NO. 223 DATE 9/14/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez

DEPT. NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Field Work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 9/15/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez

DEPT. NO. Street FUND _____

REGULAR HOURS 2 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 9/16/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

DEPT NO. Street FUND
REGULAR HOURS 5 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO.
ACTIVITY NO. 223 DATE 9/12/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

53050
MAN NO. EMPLOYEE NAME [illegible]
DEPT NO. Street FUND
REGULAR HOURS 3 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Field Work
PROJECT NO.
ACTIVITY NO. DATE 9/12/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

53050
MAN NO. EMPLOYEE NAME Manuel Saxton
DEPT NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Fields Work
PROJECT NO.
ACTIVITY NO. 223 DATE 9/13/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

53050
MAN NO. EMPLOYEE NAME Manuel Saxton
DEPT NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO.
ACTIVITY NO. 223 DATE 9/14/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Santos

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION Field Work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 9/15/72

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Santos

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 9/14/72

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 5 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION _____

PROJECT NO. _____

ACTIVITY NO. 224 DATE 9-12-72

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 5 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION _____

PROJECT NO. _____

ACTIVITY NO. 224 DATE 9-12-72

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. [illegible] EMPLOYEE NAME [illegible]
DEPT. NO. [illegible] FUND
REGULAR HOURS [illegible] RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
PROJECT NO.
ACTIVITY NO. 224 DATE 9-12-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME [illegible]
DEPT. NO. [illegible] FUND
REGULAR HOURS [illegible] RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
PROJECT NO.
ACTIVITY NO. 224 DATE 9-12-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Steve Tilson
DEPT. NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION 421 Watt
PROJECT NO.
ACTIVITY NO. 224 DATE Aug 5-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Steve Tilson
DEPT. NO. Street FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION [illegible]
PROJECT NO.
ACTIVITY NO. [illegible] DATE [illegible]
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L. CROSS

DEPT NO. STREET FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
STREET PAINTING

PROJECT NO. _____

ACTIVITY NO. 223 DATE 14, Oct. 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L. CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street PAINTING

PROJECT NO. _____

ACTIVITY NO. 223 DATE 10 Oct 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L. CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Field Work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 11 Oct 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MARVIN L. CROSS

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street PAINTING

PROJECT NO. _____

ACTIVITY NO. 223 DATE 12 Oct 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

DEPT NO. [illegible] FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO.

ACTIVITY NO. 223 DATE 12 Oct 77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5341 EMPLOYEE NAME Roberto Jimenez

DEPT NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO.

ACTIVITY NO. 223 DATE 10/10/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Roberto Jimenez

DEPT NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

Field Work

PROJECT NO.

ACTIVITY NO. 224 DATE 10-11-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Roberto Jimenez

DEPT NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

Street Painting

PROJECT NO.

ACTIVITY NO. 223 DATE 10-12-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 10-14-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 534 EMPLOYEE NAME Roberto Jimenez

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 10-13-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 10-10-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Street Painting

PROJECT NO. _____

ACTIVITY NO. 223 DATE 10/11/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Santos
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
field work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11/11/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MANUEL SANTOS
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 12 Oct. 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5367 EMPLOYEE NAME MANUEL SANTOS
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street Painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 13 Oct 77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Steve Thiem
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Street painting
PROJECT NO. _____
ACTIVITY NO. 223 DATE 10-11-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

EMPLOYEE NAME [illegible]

DEPT NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION Street patching

PROJECT NO.

ACTIVITY NO. 223 DATE 10-12-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME [illegible]

DEPT NO. FUND

REGULAR HOURS RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION [illegible]

PROJECT NO.

ACTIVITY NO. DATE

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5369 EMPLOYEE NAME [illegible]

DEPT NO. FUND

REGULAR HOURS 7 7 5 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION [illegible]

PROJECT NO.

ACTIVITY NO. 223 DATE 10-12-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME [illegible]

DEPT NO. STREET FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Field Work.

PROJECT NO. _____

ACTIVITY NO. 24 or 224 DATE 11-8-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Wm TURNER

DEPT NO. STREET FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Field Work.

PROJECT NO. _____

ACTIVITY NO. _____ DATE 11-9-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Wm TURNER

DEPT NO. Street FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Field Work.

PROJECT NO. _____

ACTIVITY NO. _____ DATE 11-10-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME WM TURNER

DEPT NO. STREET FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION
Field - Worked

PROJECT NO. _____

ACTIVITY NO. _____ DATE 11-11-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME [illegible]

DEPT. NO. ST. T FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Field Work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 11-11-72

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. _____ FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

PROJECT NO. _____

ACTIVITY NO. _____ DATE _____

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT. NO. 51 FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

field works

PROJECT NO. _____

ACTIVITY NO. 224 DATE 8/Nov/72

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Manuel Saxton

DEPT. NO. 51 FUND _____

REGULAR HOURS 8 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

Field Work

PROJECT NO. _____

ACTIVITY NO. 224 DATE 9/Nov/72

RETURN TO THE OFFICE OF CITY COMPTROLLER

93000

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT. NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Field Work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-7-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

93039

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT. NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Field Work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-8-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

93039

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT. NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Field Work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-9-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

93039

MAN NO. _____ EMPLOYEE NAME ROBERTO JIMENEZ
DEPT. NO. STREET FUND _____
REGULAR HOURS EIGHT RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
FIELD WORK
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-10-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

31-279 O - 78 - 51

MAN NO. _____ EMPLOYEE NAME Manuel Santos
DEPT NO. St. FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Field Works
PROJECT NO. _____
ACTIVITY NO. 224 DATE 10/[illegible]/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME [illegible]
DEPT NO. St. FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION [illegible]
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11/[illegible]/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Steve Thiem
DEPT NO. St224 FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Field Work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-7-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Steve Thiem
DEPT NO. St224 FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION [illegible]
PROJECT NO. _____
ACTIVITY NO. 224 DATE 11-8-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. _____ FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

_____

_____

PROJECT NO. _____

ACTIVITY NO. _____ DATE _____

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. _____ FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

_____

_____

PROJECT NO. _____

ACTIVITY NO. _____ DATE _____

RETURN TO THE OFFICE OF CITY COMPTROLLER

93050

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. _____ FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

_____

_____

PROJECT NO. _____

ACTIVITY NO. _____ DATE _____

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME _____

DEPT. NO. _____ FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

_____

_____

PROJECT NO. _____

ACTIVITY NO. _____ DATE _____

EMPLOYEE NAME Manuel Sisten

DEPT. NO. St. FUND

REGULAR HOURS 225 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

Bldg. Maintenance

PROJECT NO.

ACTIVITY NO. 278 DATE 29/Nov/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5367 EMPLOYEE NAME Manuel Sisten

DEPT. NO. St. FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

field work

PROJECT NO.

ACTIVITY NO. 267 DATE 30/Nov/77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5367 EMPLOYEE NAME Steve Tijerina

DEPT. NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO.

ACTIVITY NO. 278 DATE [illegible]

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Steve Tijerina

DEPT. NO. Street FUND

REGULAR HOURS 8 RATE

OVERTIME HOURS RATE

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO.

ACTIVITY NO. 278 DATE [illegible]

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
Building Maintance
PROJECT NO. _____
ACTIVITY NO. 272 DATE 11-30-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME MANUEL SAXTON
DEPT NO. St. FUND _____
REGULAR HOURS 7.75 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
field works
PROJECT NO. _____
ACTIVITY NO. 221 DATE 28/Nov/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5367 EMPLOYEE NAME MANUEL SAXTON
DEPT NO. St. FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
field works
PROJECT NO. _____
ACTIVITY NO. 224 DATE 1/Dec/77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5367 EMPLOYEE NAME SAXTON
DEPT NO. St. FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION
field works
PROJECT NO. _____
ACTIVITY NO. 1 DATE 1/Dec/77

MAN NO. 5370 EMPLOYEE NAME William Turner.
DEPT NO. Strt FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Field Work
PROJECT NO.
ACTIVITY NO. DATE 11-29-77.
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. EMPLOYEE NAME Wm Turner.
DEPT NO. Strct FUND
REGULAR HOURS 8 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Field Work - Street Sign
PROJECT NO.
ACTIVITY NO. DATE 11-30-77.
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5370 EMPLOYEE NAME Turner
DEPT NO. St FUND
REGULAR HOURS 5 RATE
OVERTIME HOURS RATE
PROJECT DESCRIPTION & LOCATION
Shovel x scrib septeen
PROJECT NO.
ACTIVITY NO. DATE 12-1-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME [illegible]

DEPT NO. [illegible] FUND _____

REGULAR HOURS _____ RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO. _____

ACTIVITY NO. [illegible] DATE 12-2-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5369 EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 3 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO. _____

ACTIVITY NO. 224 DATE 12-1-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. 5369 EMPLOYEE NAME Steve Thiem

DEPT NO. Street FUND _____

REGULAR HOURS 5 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO. _____

ACTIVITY NO. 222 DATE 12-1-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME William S. Sullivan

DEPT NO. Street FUND _____

REGULAR HOURS 9 RATE _____

OVERTIME HOURS _____ RATE _____

PROJECT DESCRIPTION & LOCATION

[illegible]

PROJECT NO. _____

ACTIVITY NO. _____ DATE 11-27-77

RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Building Maintance
PROJECT NO. _____
ACTIVITY NO. 278 DATE 12-2-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Field Work
PROJECT NO. _____
ACTIVITY NO. 224 DATE 12-1-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Buildig maintance
PROJECT NO. _____
ACTIVITY NO. 278 DATE 11-28-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

MAN NO. _____ EMPLOYEE NAME Roberto Jimenez
DEPT NO. Street FUND _____
REGULAR HOURS 8 RATE _____
OVERTIME HOURS _____ RATE _____
PROJECT DESCRIPTION & LOCATION Building Maintance
PROJECT NO. _____
ACTIVITY NO. 278 DATE 11-22-77
RETURN TO THE OFFICE OF CITY COMPTROLLER

EXHIBIT #3

To : Street Superintendent & Waste Superintendent

From : D.K. Holland, Director of Public Works

Subject : Transfers to Waste Division

There will be occurances wherein the Waste Division will not have sufficient employees to cover the routes due to absences of their assigned employees. At these times it will be necessary to temporarily transfer Street Division employee to the Waste Division.

When this is necessary, the Waste Superintendent will notify the Street Superintendent of his needs by 7:15 a.m. and the Street Superintendent will arrange for the assignment of Street Division personnel from the Construction & Maintenance Worker and Equipment Operator classifications on an ascending seniority basis as follows:

1. David Carlino
2. Daniel Palmer
3. James Nadoy
4. Ray Marescalco
5. Gene Taylor
6. Al Morrone
7. Charlie Watts
8. Gene Russo
9. David Buckner
10. Richard Norton

The only time that an employee will be excused from the transfer will be in the instance that the employee was injured on the job and carries a work restriction from the doctor relating to such injury. Any failure by the employee to accept such transfer will result in one day suspension for the first occurance, three day suspension for the second occurance and discharge for the third occurence.

Employee transferred will receive their rate of pay or waste collector pay, whichever is higher.

cc: Local 71
Each Employee Listed

cal

Wisconsin Council of County and Municipal Employees
8 ODANA COURT • MADISON, WISCONSIN 53714 • AREA (608) 836-8100
RICHARD W. ABELSON
REGIONAL DIRECTOR, SOUTH EASTERN DISTRICT
7114 HUNT SCHOOL DRIVE
RACINE, WISCONSIN 53402
414/ 637-0080

December 5, 1977

Mr. Dennis Collins
Tri-County CETAC
1201 Ohio
Racine, Wisconsin 53405

Re: City of Kenosha CETA Monies

Dear Mr. Collins,

Enclosed is a copy of the Arbitration Award concerning the Layoff status of fourteen employees within the jurisdiction of the bargaining unit represented by AFSCME, Council 40, City of Kenosha Employees Local 71. The pertinent award is contained on pages three through six of the award.

As you can see, the Arbitrator has ruled that the status of the fourteen employees is that of layoff as per the position of the City. Therefore in light of the Maintenance of Effort provisions of the CETA rules and regulations, the Local Union insists that all CETA monies within the City of Kenosha that provide monies for positions or projects that fall within the jurisdiction of Local 71 be immediately terminated, and that the City of Kenosha be made to pay back all monies spent on such positions from May 6, 1977, to the present time.

An immediate response from your office will be appreciated. If you have any questions concerning this matter, please feel free to contact me.

Yours Truly,

Richard W. Abelson

cc: Ms. Peggy Gerginare, President, AFSCME, Local 71
Mr. Robert J. Oberbeck, Executive Director, AFSCME, Council 40
Mr. Gaylord Nelson, U.S. Senator, Wisconsin
Mr. William Proxmire, U.S. Senator, Wisconsin
Mr. Les Aspin, U.S. Representative, Wisconsin

In the Matter of the Arbitration
of a Dispute between

CITY OF [illegible]

and

CITY OF [illegible] EMPLOYEES LOCAL 71,
[illegible], AFSCME, AFL-CIO

Appearances:
Mr. [illegible], Supervisor of Personnel, on behalf of the Employer.
Mr. Richard W. Nelson, Representative, on behalf of the Union.

ARBITRATION AWARD

The above-captioned parties, herein referred to as the City and the Union respectively, were at all times pertinent hereto signatory to a collective bargaining agreement which provided, inter alia, that unresolved disputes arising thereunder be submitted for final and binding disposition to an impartial Arbitrator appointed by the Wisconsin Employment Relations Commission. Pursuant to their joint request, the undersigned was appointed to hear the dispute in issue. Hearing was held in Kenosha, Wisconsin on September 9, 1977. No transcript was made. Both parties have filed post hearing briefs. On the basis of the entire record developed at the hearing, the Arbitrator renders his opinion and Award.

Issues:

The parties at the hearing stipulated to the following issues.

1. Did the City violate Article XXVII, Section 27.02 of the contract by not providing safety glasses to the grievant at the time requested.

2. Is the City violating the contract by refusing to grant all contractual rights and benefits to employes hired with federal anti-recessionary funds.

3. Did the City violate the contract by failing to follow seniority when it assigned sixteen (16) anti-recessionary employes to their positions.

These grievances will be discussed separately.

1. The Safety Glass Issue.

The grievant, Nicholas Torcivia, a 28 year employe, is a diabetic. Because of that condition, it is necessary for Torcivia to change his eyeglass prescription every so often. Here, Torcivia needed two prescription changes within a two year period. When he asked the City to be reimbursed for his second prescription (the City paid for his first such glasses), the City replied that it has a rule under which it will not provide more than one pair of safety glasses within a two year period, unless the glasses are broken or damaged on the job. Thereafter, the instant grievance was filed. That grievance

marked the first time that an employee requested reimbursement for more than one pair of glasses in a two year period. Subsequent thereto, the City reimbursed Percivis for his glasses, after the two year period had expired. Accordingly, his particular grievance is moot. Nonetheless, the parties wish to know whether the City can justifiably refuse to pay for more than one pair of safety glasses in a two year period.

The Union argues that the contract provides that the City is required to provide safety glasses to all employees and that there is no contractual limit on the number of glasses which are to be furnished over a given period. In support thereof, the Union points out that Article XXVII, Section 27.02 of the contract states:

> The City agrees to provide safety glasses for all employees whose work subjects them to eye hazards.

Acknowledging that the City has a rule to the effect that it will generally provide only one pair of glasses to an employee during a two year period, the Union contends that said rule is unreasonable and that it was never agreed to by the Union.

The City disagrees. It states that the contract provides for safety, not prescription glasses, and that, as a result it is not required to furnish any prescription glass. Secondly, the City argues that in 1968 it and Union agreed upon a set of rules for the then newly adopted safety glasses program, that these rules stipulate that the minimum time between corrective lens change at City expense will be two years unless they are damaged, that these rules are communicated to all employees and have been uniformly and consistently applied since their adoption. The City therefore argues that it and the Union have agreed via a mutually established set of rules to provide these glasses, with certain limitations. As a result, the City contends that if the Union wishes to change these rules, it should be brought up over the bargaining table.

On this point, Section 27.02 of Article XXVII of the contract, entitled Clothing, Protective Equipment and Medication, Joint Safety Committee provides:

> The City agrees to provide safety glasses for all employees whose work subjects them to eye hazards.

On its face, this language does not expressly deal with either the question of whether prescription glasses must be furnished or, if so, when such glasses must be furnished.

However, at the hearing, the evidence was undisputed that the City has consistently furnished prescription glasses over a number of years. Accordingly, since a well established past practice has arisen in this regard, it follows that there is no merit to the employer's assertion that it is not now required to supply such glasses.

That being so, the next question is how frequently such glasses must be furnished. In this regard, a rule was promulgated in 1968 to the effect that

> "The minimum period of corrective lens change at City expense shall be two years except in cases where safety lenses or frames have been damaged on the job."

In describing these rules, John Berge, the City's Administrator, testified without contradiction that said rule was submitted to a joint Union-City safety committee in 1968, that the Union has the effective right to veto any proposed safety rules, and that the Union

expressly agreed to the rule. In such circumstances, it is clear that the rule in question is unreasonable and, as the Union at one time apparently agreed, so it. Accordingly, there is no reason for declaring the rule to be invalid. As a result, and absent a situation where glasses are donated on the job, the City is not required to pay for more than one set of prescription glasses in a two year period. It follows, therefore, that the instant grievance must be dismissed.

2. The Rights and Benefits Question.

The grievance centers on the fact that the City initially laid off certain employees and then immediately recalled most of them as temporary employees under a federal program. When rehired, the City paid these employees almost all of the contractual benefits. However, the City refused to pay overtime the Union then 1/ and it maintained that these employees were not entitled to any contractual rights, other than the rights which they enjoyed as laid off employees and which the City voluntarily chose to give them as temporary employees.

Thus, in October 1976, the City Common Council acted during its budget deliberations to change the method of garbage collection from backyard to curbside and to thereby eliminate a number of waste collector positions.

Thereafter, by letter dated December 6, 1976, the City informed the Union of this decision and there stated that certain waste collectors would be laid off as of April, 1977. In the same letter, the City stated that some of the laid-off employees could bump to other jobs, that it intended to rehire the remaining laid off employees to temporary positions with funds received through a new federal anti recessionary program, and that such temporary jobs would last for as long as work and such funds are available. The Union at that time did not object to the City's proposal.

During January, 1977, some of the affected employees were involved in a "bumping" process to determine which of them would actually be laid off. In April, 1977, this "bumping" process was repeated since fewer employees would be laid off than originally anticipated. At that time, the remaining laid-off employees were advised by the City that "these limited term jobs will probably last about four months." It appears that approximately four employees then "bumped" into other positions.

On May 6, 1977, the remaining sixteen or so waste collectors were laid off. On May 9, 1977, they were rehired to temporary jobs in either the Park, Street or Waste Departments under the federal program noted above.

On July 19, 1977, the City's Civil Service Commission decided to extend the temporary employment status of the 14 employees laid off from the Waste Department to September 1, 1978, or for as long as funds and work are available, and the Common Council authorized their continuance.

In support of the instant grievance, the Union primarily argues in its brief that: "the Affected employees were not laid off, due to the fact, that they did not rise any work." (Emphasis in original). Accordingly, the Union argues that a layoff occurs only where there is an actual separation from employment, which was not the case here. Additionally, the Union points out that the affected employees here were

---

1/ The City has placed such dues in escrow, pending disposition of the instant grievances.

all hired for an initial four month period and that such hiring made them full time employees [illegible] as one who has not met more than [illegible] days. As to the timeliness of the grievance, the Union puts that in that the grievance on May 11, 1977, which was only two days after the factual issues, and that the Union was unaware before then that the City intended to strip the affected employes of their contractual benefits.

[illegible] In turn, contends that the [illegible] employees are in a dual status in that they were properly laid off and thus, as laid-off employees, they have only [illegible] as temporary [illegible], they are entitled only to the contractual rights accorded laid-off employes and that, as temporary employes, they are not entitled to any other contractual benefits since they are outside the bargaining unit. Moreover, the City contends that the grievance was untimely filed.

As to the timeliness issue, the records shows, as stated by the Union, that the grievance was timely filed. Thus, the pertinent contractual provision, Article VII, entitled "Grievance Procedure", states at Section 7.01 that

> To be processed, a grievance shall be presented in writing to the department head with a copy to the Personnel Department under Step 2 below within thirty (30) days after the time the employe affected knows or should know the facts causing the grievance.

Here, as noted above, the laid-off employes were not rehired as temporary employes until May 9, 1977, which was only two days before the instant grievance was filed. Accordingly, since the "facts causing the grievance" occurred within the thirty day period specified in the contract, and as there is no evidence that the Union knew before May 9, 1977 that the City claimed that the affected employes were not entitled to all of the contractual provisions which they therefore enjoyed, it follows that the grievance was "timely filed".

Turning now to the substantive merits of the grievance itself, Article I of the contract, entitled "Recognition", contains a standard recognition clause. Additionally, Article IV, entitled "Management's Rights", specifies in Section [illegible] that "the City reserves the right to lay off for lack of work or funds [illegible]". Article V of the contract, entitled "Seniority" also provides:

> 4.02 New Employes. New permanent employes, and those hired after a break in service, will be regarded as probationary employes for the first ninety (90) calendar days of work. If a probationary employe is disciplined or dismissed during the probationary period, he shall not have recourse through the grievance procedure. When a probationary employe becomes a regular employe, he shall receive credits for seniority purposes for the time worked during such probationary period.
>
> 4.03 Permanent Employes. A permanent employe is hereby defined as a person hired to fill a permanent position in the Table of Organization.
>
> 4.04 Temporary or Seasonal Employes.
>
> A. A temporary employe is hereby defined as a person hired to fill a position which is purely temporary in character. Appointment shall be for a period not to exceed ninety (90) days but may be extended by the Civil Service Commission to a specified date.

b. A seasonal employee is hereby defined as a person hired to fill a position in the competitive service, the need for which may be reasonably anticipated and is likely to recur periodically each year or within shorter periods. Appointments shall be made in the same manner as for permanent employees and shall not exceed seven (7) months unless extended to a specified date with the written permission of the Civil Service Commission.

c. A copy of any request for extension of a temporary or seasonal employee shall be furnished to the Union.

d. No temporary or seasonal employee shall be retained if such retention should cause layoff of a permanent employee who is qualified to do the work.

4.05 Recognition of Principle. The Employer recognizes the principle of seniority and the Union recognizes the need of maintaining an efficient work force. In all matters involving increase or decrease of forces, layoffs, or promotions, the seniority of the employees involved shall be given primary consideration. Skill, ability, and efficiency shall be considered only where they substantially outweigh consideration of length of service.

4.06 Layoffs. Employees shall be laid off in inverse order to their length of service and shall possess the right to be re-employed in order of their seniority to positions to which they can qualify. The City agrees to give two (2) weeks advance notice to employees being laid off but, if not possible, the City agrees to give at least two (2) work days notice in case of extreme emergency."

In reviewing these provisions, there is no question but that the City has the contractual right to lay off employees, as Article II, entitled "Management Rights", expressly so provides. At the same time, however, Article IV specifies that permanent employees enjoy certain contractual benefits. That being so, the fundamental question herein is whether the affected employees are on layoff status or whether they are permanent employees who are covered by all contractual provisions, including the dues check off provision.

As to this point, the record is absolutely clear that the employees and the Union were repeatedly advised by the City that the employees would be laid off. Moreover, it is likewise clear that in effectuating its proposed layoff, the City adhered to all of the contractual layoff provisions. Nonetheless, the Union argues that no layoff occurred because: (1) the affected employees never severed their employment with the City; and (2) the affected employees were originally hired for more than ninety (90) days, thereby making them permanent employees under the contract.

As to point (1), the facts show that the City abolished the jobs of these employees, advised them of their impending layoff, accorded them the "bumping" rights which exist only in a layoff situation, and thereafter, by letter dated April 22, 1977, advised them that they would be laid off on May 6, 1977. After the layoffs, the record also shows that the City recalled some of these employees, pursuant to the contractual recall provisions. In light of all this, there is no merit to the claim that the employees were not laid off.

In so finding, the Arbitrator is aware that said employees were re-employed by the City on May 9, 1977 and that, as a result, they did not miss any work days. However, the employees were severed from employment for at least May 7 and 8, 1977. Furthermore, there is no contractual requirement that employee must miss a given number

of work days in order to qualify for a layoff. 2/ Accordingly, although the instant factual situation is somewhat unusual, it must be concluded that the employes were on layoff status.

That being so, it must now be determined whether such laid-off employes reverted back to full-time status by virtue of the fact that they have been employed for more than the ninety (90) days spelled out in Section 4.04 of Article IV, supra, which provides that:

> "A temporary employe is hereby defined as a person hired to fill a position which is purely temporary in character."

In response to this claim, the City points out that the Civil Service Commission subsequently extended the appointments of said employes pursuant to the second sentence of Section 4.04, Article IV, which states that

> "Appointment shall be for a period not to exceed ninety (90) days but may be extended by the Civil Service Commission to a specified date."

The Union concedes that the Civil Service Commission has extended the appointments herein. However, the Union argues that such extensions are invalid since the City failed to advise the Union of such extensions, as is provided for in Section 4.04 of Article IV which states:

> "A copy of any request for extension of a temporary or seasonal employee shall be furnished to the Union."

In considering this latter proviso, it seems clear that it is merely a notice requirement so that the Union is advised of certain personnel actions in this matter. However, while such notice should have been furnished by the City to the Union, the fact remains that the Union has failed to show how either it or the affected employes were hurt by the City's failure to give the requisite notice. As a result, the Arbitrator finds that the absence of such notice was not critical to the issue herein.

At the same time, the Arbitrator finds that the laid-off employes never reverted back to their prior full-time status merely by virtue of the fact that their appointments have lasted for more than ninety (90) days. This finding is based on two primary factors. The first is that the City's Civil Service Commission has the express contractual right to extend the ninety (90) day employment period for temporary or seasonal employes. Secondly, the employes herein cannot be considered to be "permanent" employes since their prior positions have been abolished in the City's "Table of Organization." Since Section 4.01 of Article IV defines a "permanent" employe as one who is "hired to fill a permanent position in the Table of Organization", it therefore follows that the employes herein cannot be "permanent" employes under the contract.

In light of the above, it must be concluded that the affected employes herein are on layoff status and that they have not reverted to "permanent" status. Accordingly, since they are temporary employes, the City is not required to accord them all contractual rights and benefits. As a result, this grievance is hereby dismissed.

2/ Thus, the only contractual provisions cited by the Union for its contrary proposition all relate to how seniority is lost once an employe is on layoff status. However, since the loss of such seniority is an altogether different question than whether said employes are properly laid off, such contractual provisions are inapposite.

3. The Seniority Question.

It is undisputed that when the City assigned the laid-off employes above to their new temporary positions that it did not comply with the contractual notice posting provisions.

The Union has filed a grievance over this fact, alleging that such positions should have been filled by seniority, pursuant to the contractual provisions.

The resolution of this issue turns on whether the laid-off employes are in the bargaining unit. Since, as noted above, they are not in the bargaining unit, the City has not required to post follow seniority when it filled these positions. This grievance is therefore denied.

Based upon the above noted considerations, it is my

AWARD

1. That the City did not violate Article XVII, Section 27.02 by not providing safety glasses to the grievant at the time requested.

2. That the City is not violating the contract by refusing to grant all contractual rights and benefits to employes hired with federal anti-recessionary funds.

3. That the City did not violate the contract by failing to follow seniority rights when it assigned sixteen (16) anti-recessionary employes to their positions.

4. That the three instant grievances are hereby denied and dismissed.

Dated at Madison, Wisconsin this 29th day of November, 1977.

By Amedeo Greco /s/
Amedeo Greco, Arbitrator

31-379 O - 78 - 52

AFSCME
American Federation of State, County and Municipal Employees
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Manhattan Beach, Cal.

Earl Stout
Philadelphia, Pa.

Lee A. Tafel
Miami, Fla.

David K. Trask, Jr.
Honolulu, Hawaii

Maynard White
Houston, Texas

February 7, 1978

Mr. Richard Abelson, Representative
AFSCME Council 40
470 Garfield Avenue
Racine, Wisconsin 53402

Dear Rich:

This is in response to your maintenance of effort question we discussed Monday. I am enclosing a copy of a DOL field memorandum concerning the interpretation of Section 96.24 of the CETA regulations. I have marked those sections pertinent to your question.

So long as you have bumping rights across department lines, CETA workers cannot remain in positions subject to bumping. In the past, the Labor Department has respected bumping rights of permanent employees in determining where CETA participants can or cannot remain working while regular employees are on layoff.

When you file your complaint with the Labor Department, attach a copy of this Field Memo to let them know that you are aware of what they should be doing. If we can be of further assistance, do not hesitate to call.

Fraternally,

Marilyn

Marilyn DePoy, Economist
Department of Research and
Collective Bargaining Services

MDP:cbe

Enclosure

cc: Robert Oberbeck, Ex. Dir. Cn. 40
Tiny Wells, IUAD

in the public service

U. Department of Labor

General Legis.

Employment and Training Administration
230 South Dearborn Street
Chicago, Illinois 60604

April 14, 1976

Region V ETA CETA Letter No. 135

Subject: Maintenance of Effort

To: All CETA Prime Sponsors

1. Purpose. To provide guidelines on: (a) determining compliance with maintenance of effort requirements; (b) circumstances requiring transfer or termination of CETA participants; and, (c) rehiring laid off regular employees using CETA funds.

2. References. CETA sections 205(c)(7)(8), 205(c)(24)(25), 208(a)(1), 703(7)(11) and CETA regulations section 96.24, and 98.32(a)(2).

3. Background. The enforcement of maintenance of effort requirements of CETA has become a matter of increasing concern in program administration, particularly as CETA funds represent a growing proportion of resources used to support State and local government personnel. The Employment and Training Administration must assure that the planning and expenditure of CETA funds are directed toward accomplishment of the purposes for which the legislation was intended. In providing for the creation of public service employment through Federal assistance, the act is explicit in its intent to provide for "an increase in employment opportunities over those opportunities which would otherwise be available" (section 208(a)(1)). Furthermore, CETA funds are not to result in the displacement of currently employed workers (205(c)(7) and (8)). At the same time, the law identifies specific groups of persons, such as the long term unemployed, for whom the additional employment opportunities are to be created (205(c)(7)). Ensuring compliance with these provisions becomes especially significant in light of the current budgetary situation in many local governments where layoffs, hiring freezes and other curtailments of local expenditures are taking place.

This CETA letter sets out Departmental policies in accordance with the above-cited provisions of the act and with section 96.24 of the regulations. The letter is organized to reflect three general areas concerning maintenance of effort: (1) How to assure that CETA funds are not being used as a substitute for other revenue sources, particularly when layoffs occur; (2) how to determine the effect on CETA participants who are in job titles which may be affected by layoffs, hiring freezes or other actions; and, (3) the extent to which CETA funds may be used to rehire laid-off State and local employees.

4. Assessing the validity of layoffs and hiring freezes. In any instance where a layoff of regular employees or a hiring freeze has taken place or is planned, compliance with maintenance of effort requirements must be assured. In the event either of any layoff of regular employees or of a hiring freeze, which would affect CETA participants under the conditions described in 4b or 5 below, the prime sponsor is to notify the region and to certify in writing that the action is due to a legitimate budgetary crisis and that it would have occurred regardless of the availability of Federal funds. Furthermore, it is the responsibility of the prime sponsor to be able to demonstrate the validity of the action and the region may require the submission of any pertinent documentation to be assured that the budgetary crisis is legitimate. The region may request complete personnel, budgetary, fiscal or other documents or may require the prime sponsor to provide a budget analysis and summary documentation, as appropriate. Such information may be required at any time when needed to ensure continued compliance with maintenance of effort.

Below are examples of the types of materials that may be requested in a review of local budgetary conditions:

- Minutes of public council meetings or worksheets used in council discussions in which cutbacks, such as layoffs, were discussed.
- Summaries of projected outlays vs. revenues, including summaries published in newspapers.
- Issuances from local personnel offices describing personnel situation and budget.
- Communications with affected unions discussing potential layoffs.

- o Independent analyses of budgetary situation, perhaps from auditors, if available.

- o Analysis of prior years' budget outlays.

- o Summaries of effect of negotiated wage increases that were unanticipated costs to the jurisdiction.

a. Layoffs. Following are some minimal budgetary and fiscal standards that shall be considered, as appropriate, in assessing the validity of layoffs. Because of the complex and unique nature of local fiscal data, this letter cannot provide absolute measures or anticipate all potential factors necessary to determine the validity of a layoff, nor can it establish definitively the evidence of violation or compliance. Each case must be evaluated on its own merits. Documentation in addition to that listed below will be examined when necessary.

(1) Tax Revenues. If tax revenues have decreased substantially in the jurisdiction within the past year, and operating costs of government are exceeding income receipts, this may be a reasonable indication that the projected layoff is bona fide, provided that there is no indication that local revenues were decreased in anticipation of CETA funding. If, on the other hand, tax and budget data show an increase in revenue, without accompanying increases in operating costs and expenditures, the layoff may not be justifiable.

(2) Diversion of funds. If there has been a shift in the amount of funds normally budgeted for salaries and fringe benefits to nonpersonnel costs (e.g., to equipment, capital improvements, or other) this might be an indication of a paper layoff. Here again, a close examination of the budget would be necessary to determine whether the shift was justified.

(3) Cutbacks in one department or agency only. A reduction in force in only one or two departments, particularly those with a relatively high percentage of CETA participants, or a shift of local funds away from a department staffed with CETA participants to another department, might be indications of payer layoffs. Similarly, the lack of budget increase in a department staffed with CETA participants, when other departments are being increased, may be evidence of a maintenance of effort violation.

(4) Carrying laid off employees and reduced work week. If an employer is carrying laid off employees in an inactive or suspended status by severance pay, or other means, it should be determined whether the intent of such action was to create a situation in which the employees could later be hired with CETA funds. Generally, if such payment is not normally provided to persons upon layoff, or not required by existing personnel procedures, the situation should be examined to determine whether the action was taken in anticipation of using Federal funds for their reemployment. Also, if an employer has put regular employees on a reduced work week or reduced hours, it should be determined whether the purpose was to qualify them as "underemployed" with the intent to subsequently employ them using CETA funds. If, in either of the above cases, a careful examination indicates that the intent of the action was to qualify employees for CETA participation, such persons could not be rehired using CETA funds.

(5) CETA jobs replacing locally-funded jobs. If new job titles for CETA supported positions cover the same work activities as positions that have been vacated by regular employees, but at a lower rate of pay, or with slightly modified position descriptions, this might constitute a violation of maintenance of effort requirements. Information on salary schedules and work performed would be required to determine if this is the case.

b. Hiring freezes. Any determination relating to the possibility of a maintenance of effort violation occurring as a consequence of a hiring freeze of regular employees would be evaluated both in terms of the intent of the action and of its effect on currently employed workers. Concerns about the reason behind the freeze, i.e., whether or not it is bona fide, are essentially similar to those mentioned above in reference to layoffs. Additionally, an assessment of the effect of a hiring freeze on CETA participants will include the following considerations.

(1) The retention of CETA PSE participants in positions comparable to positions left vacant because of a freeze which is occasioned by an over staffing situation or by a decision to release funds for other than personnel support purposes constitutes a violation of maintenance of effort.

(2) When a hiring freeze is limited to a single department, the retention of PSE employees in another department unaffected by the freeze does not violate the maintenance of effort provision of the regulations, provided that there is no shift of any portion of the workload from the department in which hiring has been frozen to another department in which PSE participants are working in substantially equivalent jobs.

(3) When a hiring freeze is limited to a single job classification, CETA participants may be retained in that job classification when vacancies in regular job slots occur only if their presence will not interfere with the opening up of promotional opportunities within that classification, for regular employees, and if no work substitution will occur.

(4) CETA applicants (either new applicants or rehires may be hired to fill a vacancy occurring as a result of a hiring freeze only if:

(a) The employing agent has provided proof that the freeze resulted from a lack of funds to sustain the former staff levels and was not established because of the availability of CETA funds.

(b) The promotional opportunities of regular employees are not infringed upon.

5. Effect of the layoff of regular workers on CETA workers holding similar positions.

a. Section 205(c)(7) of the act prohibits hiring any person when any other person is on layoff from the same or any substantially equivalent job; and section 205(c)(8) prohibits the use of CETA funds to fill a job opening created by the actions of an employer in laying off or terminating the employment of any regular employee not supported by CETA funds in anticipation of filling the vacancy with a CETA participant. In order to protect the rights of regular employees and to avoid the substitution of CETA funds for local resources, whenever regular employees of local jurisdictions are laid off, CETA participants may not remain

working in positions which are the same as, or substantially equivalent to, those affected by the layoff. As provided in section 96.24(d) of the regulations, such participants must be transferred to positions not affected by the layoff or be terminated. Determination of which CETA participants must be transferred or terminated is dependent upon the particular circumstances of the jurisdiction(s) and/or agency(ies) involved. Both of the following factors are to be considered concurrently in determining which CETA participants would be displaced due to the provision of section 96.24(d):

(1) The comparability of the positions. As a guideline, comparable, i.e., "same or substantially equivalent" positions, would be those having similar job titles, position descriptions, work assignments, and/or rates of pay. Questionable cases will be jointly reviewed by the region and the prime sponsor. The final determination of comparability rests with the regional office.

(2) The applicable rules of the employing agency's personnel policies, lay-off procedures and collective bargaining agreements.

Such rules should be considered in the context of the structure of the layoff and of the laid-off employees' rights to positions in the employing agency. For example, if the layoff is structured to affect only persons in job classifications within one department of a local government, and those regular employees do not have employment rights in other departments, then only CETA participants in the one department would be affected. However, if the regular employees have employment rights, i.e., can "bump" into other positions across departmental lines, then CETA participants could not remain working in any such positions. In another case, if a regular employee, in a reduction in force situation, "bumps down" into a lower classification occupied by another regular employee and the latter individual is then laid-off, CETA participants may not remain working in the higher classification. CETA participants in the lower classification would not be required to be laid-off. Also, outstationed participants could be affected by either a layoff at the outstation site, or by a layoff at the employing agency if regular employees of that employing agency have rights to positions at the outstation site.

b. When a determination has been made as to which CETA participants are affected, such participants must either be transferred to positions not affected by the layoff or be terminated from CETA. However, it is essential that every effort be made to relocate participants in other positions not affected by the layoff. Transfer to nonprofit agencies should be encouraged as an alternative. When termination of participants is unavoidable, such persons should be provided with assistance which would aid them in maintaining an income, such as special job counseling, or special efforts to locate unsubsidized employment.

6. Policy concerning rehiring of laid off regular employees with CETA funds.

a. Where layoffs have been established to be bona fide, laid off workers may be rehired into the same or equivalent positions using CETA funds. However, the extent to which CETA funds may be used to support rehires must be consistent with the appropriateness of serving such persons as compared to serving other persons designated by the act.

In order to assure equitable access to CETA employment to the long term unemployed and other groups targeted for services, the proportion of CETA funds which may be used to rehire laid off employees is to be determined as follows:

(1) The percentage of PSE positions to be used for rehires should be reasonably consistent with that percentage which the total laid-off regular employees constitute of the total unemployed persons in the jurisdiction. (For example, if laid off-regular employees represent 12 percent of the total unemployed, then 12 percent of PSE positions could be used for rehires.) If the percentage of laid-off employees constitutes less than ten percent of the total unemployed population, the percentage of public service employment positions allocated for rehires may exceed such percentage but shall not exceed ten percent. In determining the reasonable percentage of positions to be made available for rehiring laid-off employees, eligible applicants shall assess the appropriateness of serving such persons by considering the following factors:

(a) The needs of the laid-off workers relative to the needs of other groups specified in the act for special consideration, as well as the groups identified as significant segments by the prime sponsor in its plan, including length of unemployment and prospects of obtaining employment.

(b) The size of the public service employment program and the availability of funds to support rehires without disruption of services to, or termination of, regular participants, except as required by 96.24(d).

(2) The percentage arrived at under a(1) above is to be applied to total PSE positions in the currently approved plan in any title in which regular employees are to be rehired. In the case of consortia, the percentage shall be applied against the PSE positions of the consortium jurisdiction which plans rehires. For example, if counties A and B are members of a consortium, and county A plans rehires, and its share of PSE positions is 100 out of a total currently approved consortium grant of 250 PSE positions, the percentage determined under a(1) would be applied against the 100 positions of county A.

(3) When the total number of planned or actual rehires equals or exceeds ten percent of total public service employment positions of an eligible applicant (or consortium member), laid-off employees must be identified as a significant segment in the plan. A modification is required when this point is reached during the term of the grant.

(4) Eligible applicants submitting grant applications or modifications shall document the assessment of need and equitability described under (a)(1) above in the Grant Narrative Description.

We shall approve the rehire of laid-off employees only upon determining that maintenance of effort provisions have not been violated and that sufficient justification of equitability and need has been provided.

b. In order to ensure that the approved percentage of rehires is not exceeded throughout the program year, it is required that slots actually filled by rehires at any time represent no more than the percentage established above for rehires. Also, where rehires presently exceed the percentage applicable under a. (1) above, prime sponsors are to plan future enrollments and/or terminations to conform to the requirements of this section as follows:

(1) Sponsors which currently employ a percentage of PSE rehire employees in excess of the maximum number permitted will be required to develop a phase down plan for each CETA grant effected.

(2) Such phase-down plans will be required as part of that sponsor's next modification adding additional funds to the effected CETA Title unless that sponsor did not receive regional office approval for its current number of rehired employees hired under CETA. In such cases a modification may be required by the regional office in advance of any new CETA monies.

(3) Phase-down plans to reduce the number of rehired employees will be allowed to extend into FY 1977 depending upon a sponsor's particular circumstances and the reasonableness of that sponsor's phase down plan.

(4) A sponsor currently in excess of its maximum number of rehired employees may not hire any additional rehire employees utilizing CETA funds.

c. In no case may CETA participants be terminated (when not required by section 96.24(d)) solely in order to open up positions or to create a reserve of funds for rehiring laid off employees.

d. Persons rehired with CETA funds must meet the unemployment (or underemployment) requirements for the applicable title before they become eligible for CETA, and must meet residency requirements.

e. Recall of regular employees who were provisional, temporary or otherwise "nonpermanent" employees, is dependent upon whether such employees have any continuing job relationship with the employer. Terminated, "nonpermanent," employees who do not have a continuing relationship as defined by the

employer's personnel rules, would not be considered as "regular" employees in the context of the requirements of this FH and, therefore, should not receive consideration any more or less favorable than any other CETA applicant.

f. Employees on layoff who have applied for CETA, and in the interim between application and reemployment obtain employment that meets the definition of underemployed (as provided for in section 96.27(a)) may be considered still eligible for CETA. If the rehiring takes place within 6 months of the time of layoff, these persons would still be considered "rehires," and would be counted as such for CETA reporting purposes.

7. Reporting. Since present reporting procedures do not provide for monitoring current enrollment of rehires, per section, 98.32 (a) (2) of the regulations, prime sponsors who currently employ any rehired employees in their PSE program are required to submit a monthly evaluation of rehire activity as follows:

Category	Title I	Title II	Title VI	Total
1. Rehires on-board at end of month				
2. Total number of PSE participants at end of month				
3. Rehires percentage of total PSE program participants	%	%	%	%

This evaluation is to be signed by the Chief CETA administrative officer (CETA Director) and is due ten working days after the end of the month. The first report is due in the regional office on May 14, 1976.

8. Action Required.

Prime sponsors are advised that this CETA letter is effective immediately. Those grantees out of compliance with these policies are to adjust future program operation and plan future expenditures to comply with the policy contained in this letter. Future grant modifications and/or applications should be developed in compliance with the policies set forth above. Any sponsor planning a lay off or hiring freeze which would effect CETA participants is to contact the regional office in advance of carrying out such actions so that compliance with section 4 above can be determined. Sponsors currently employing rehired PSE participants are to closely review section 6 above and are to submit the report in section 7 for the month of April 1976 by May 14, 1976.

9. Inquiries.

Questions regarding the policies contained in this CETA letter should be directed to your federal representative.

Richard C. Gilliland

RICHARD C. GILLILAND
Regional Administrator
Employment and Training Administration

trico cetac
Tri-County Employment & Training Consortium

1201 Ohio Street
Racine, Wisconsin
53405
(414) 636-3651

December 9, 1977

RECEIVED
DEC 10 1977
RICHARD W. ABELSON

Mr. Richard W. Abelson
Representative, South Shore District 1
Wisconsin Council of County and Municipal Employees
716 Monticello Drive
Racine, Wisconsin 53402

Dear Mr. Abelson,

I am in receipt of your letter dated December 5, 1977 and the Arbitration Award brief. I am forwarding a copy of your letter and the brief to our Consortium Counsel. Upon receipt of his opinion, TRICO CETAC shall respond to your letter. Thank you.

Sincerely,

Dennis R. Collins
Chief of Operations

cc: Mr. Peter R. Marshall, Chairman, TRICO CETAC
Mr. George Moore, Executive Director, TRICO CETAC
Ms. Peggy Germinaro, President, AFSCME, Local 71
Senator Gaylord Nelson
Senator William Proxmire
Congressman Les Aspin
Mayor Paul Saftig
Mr. James Warzon

12/2/77
I'll [illegible] for Collins
[illegible]

ROBERT J. OBERBECK
EXECUTIVE DIRECTOR

Wisconsin Council of County and Municipal Employees

5 ODANA COURT • MADISON, WISCONSIN 53719 • 608/274-9100

RICHARD W. ABELSON
REPRESENTATIVE, SOUTH SHORE DISTRICT
714 MONTICELLO DRIVE
RACINE, WISCONSIN 53402
414/681-0950

January 5, 1978

Mr. George Moore, Director
TRICO-CETAC
1201 Ohio
Racine, Wisconsin 53405

Dear Mr. Moore:

During a conversation between officials of the City of Kenosha and the Executive Board of Local 71, AFSCME, comments were made by City officials that they have been informed by high officials of TRICO-CETAC that the City is not guilty of any infractions as per the charges leveled against them by Local 71.

This statement caused great concern to the Local Union in that it brings into question whether the charges brought against the City by the Union will receive an unbiased review by TRICO-CETAC, in that it would seem that a premature conclusion has already been reached. The Union has not received any formal or informal response concerning the charges.

Please respond to the Local Union in writing concerning the accuracy of the statement made by the City. Further please inform us of the precise date on which we can expect a formal response from TRICO-CETAC on the charges filed.

Thank you for your cooperation.

Very truly yours,

Richard W. Abelson
Business Representative
AFSCME, Council 40

RWA/ds

cc: Mr. Robert Oberbeck, Executive Director, AFSCME, Council 40
Mr. Arthur Wells, AFSCME-International
Ms. Peggy Germinaro, President, Local 71
Congressman Les Aspin
Senator Gaylord Nelson
Senator William Proxmire
Mr. Thor Lieungh

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Thor Letter

trico
cetac
Tri-County Employment & Training Consortium

1201 Ohio Street
Racine, Wisconsin
53405
(414) 636-3651

January 17, 1978

RECEIVED
JAN 19 1978
RICHARD W. ABELSON

Mr. Richard W. Abelson
Business Representative
A.F.S.C.M.E., Council 40
716 Monticello Drive
Racine, Wisconsin 53402

Dear Dick:

I am glad that we finally got together on the phone. It's difficult talking into recording machines.

Confirming our conversation, it has always been our understanding that since July of last year, we were looking for documented material promised by you to prove that substitution took place through the use of CETA employees by the City of Kenosha. In the absence of this material, which we were expecting to come from you, we have no other recourse than to continue funding CETA positions with the City of Kenosha.

You mentioned that you now have documented some of this information and, as a result of this, I am directing Dennis Collins of our staff to meet with you as soon as possible. Following this session, I will be contacting our Chairman to see if he wants to call a special meeting of the Policy Board in order to answer some of the questions that you raise.

I have hopes that we can cooperate fully between the City, Local 71, and work things out for the benefit of all parties concerned. We will do our best. I can assure you of that.

Very truly yours,

George A. Moore
George A. Moore
Executive Director

GAM:lmj

ROBERT J. OBERBECK
EXECUTIVE DIRECTOR

Wisconsin Council of County and Municipal Employees

5 ODANA COURT • MADISON, WISCONSIN 53719 • 608/274-9100

RICHARD W. ABELSON
REPRESENTATIVE SOUTH SHORE DISTRICT
716 MONTICELLO DRIVE
RACINE, WISCONSIN 53402
414/681-0050

January 19, 1978

Mr. George Moore, Director
TRICO-CETAC
1201 Ohio
Racine, Wisconsin 53405

Dear Mr. Moore,

I apologize for canceling our meeting of this morning at such late notice. However, I was advised by the counsel of our International Union that it would not be in the best interest of our Local Union to meet woth you concerning the specific documentation concerning the charges filed by Local 71 against the City of Kensosha.

The original charges were formally filed on December 5, 1977, and to this date no answer has been received to these charges. The Union feels that the delay in the processing of these very serious charges is unwarranted. I have been advised by the counsel of our International Union to inform you that we expect an answer to our charges no later than Friday, January 27, 1978. If we do not receive a formal response by the above date, Local 71 will proceed directly to the Department of Labor with their charges.

It has come to my attention that TRICO-CETAC has expected formal documentation from our Local Union since the early part of July, 1977. Local 71 was at no time knowledgeable that such formal documentation was expected from them at that time or at any other time. Formal documentation was offered to your agency in late December, 1977. The offer was declined by Mr. Collins of your agency. At that time, the Union was told that the charges would be answered on a conceptual basis without specific documentation at this time.

Please feel free to contact me if you have any questions concerning the matters raised by this letter.

Very truly yours,

Richard W. Abelson

cc: Mr. Robert Oberbeck, Executive Director, AFSCME, Council 40
Mr. Arthur Wells, AFSCME, International
Ms. Peggy Germinaro, President, Local 71
Mr. Peter Marshall, Chairman, TRICO-CETAC Policy Board
Mr. Thor Lieungh, TRICO-CETAC Policy Board
Congressman Les Aspin
Senator Gayord Nelson
Senator William Proxmire

AFFILIATED WITH THE
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES
AFL-CIO

31-279 O - 78 - 53

trico cetac
Tri-County Employment & Training Consortium

1201 Ohio Street
Racine, Wisconsin
53405
(414) 636-3651

February 6, 1978

Mr. Richard W. Abelson
Business Representative
A.F.S.C.M.E., Council 40
716 Monticello Drive
Racine, Wisconsin 53402

Dear Dick:

In response to your recent letter, I can only repeat that the report on the City of Kenosha-union problems was forwarded to our Policy Board. Once again, we had to postpone the meeting because of the weather. However, on my own, I polled the Policy Board and it is their concensus opinion that we stay out of the labor negotiation between your union and the City of Kenosha. We have been unable to find any instance of Maintenance of Effort violations or substitutions.

I notice also in your correspondence that you state that you never were aware of promising to provide formal documentation of substitution or Maintenance of Effort violations. I am enclosing Minutes of a meeting held between union officials and our staff persons which proves quite conclusively that you did make these promises. I might add that when you refer to Dennis Collins not wanting more information, you really put this into improper context. In your phone conversation with Dennis, when the report was filed with our Policy Board, you asked whether he needed any additional information at that time and he stated that this was not necessary. Please don't construe this as lack of receptivity toward any information that you have in regard to the labor negotiation dispute.

If I can be of any further assistance, please do not hesitate to call me.

Very truly yours,

George A. Moore, Executive Director

GAM:lmjc
cc: Ms. Peggy Germinaro
Mr. Robert J. Oberbeck
Mr. Gaylord Nelson
Mr. William Proxmire
Mr. Les Aspin

April 14, 1976

Region V, ETA CETA Letter #135

Subject: Maintenance of Effort

TO: All CETA Prime Sponsors

(1) The Comparability of the Positions.

As a guideline, comparable, i.e., "Same or substantially equivalent" positions, would be those having similar job titles, position descriptions, work assignments, and/or rates of pay. Questionable cases will be jointly reviewed by the region and the prime sponsor. The final determination of comparability rests with the regional office.

(2) The applicable rules of the employing agency's personnel policies, layoff procedures and collective bargaining agreements.

Such rules should be considered in the context of the structure of the layoff and of the laid-off employee's rights to positions in the employing agency. For example, if the layoff is structured to affect only persons in job classifications within one department of a local government, and those regular employees do not have employment rights in other departments, then only CETA participants in the one department would be affected. However, if the regular employees have employment rights, i.e., can "bump" into other positions across departmental lines, then CETA participants could not remain working in any such positions. In another case, if the regular employee, in a reduction in force situation, "bumps down" into a lower classification occupied by another regular employee and the latter individual is then laid off, CETA participants may not remain working in the higher classification. CETA participants in the lower classification would not be required to be laid off. Also, outstationed participants could be affected by either a layoff at the outstationed site, or by a layoff at the employing agency if regular employees of that employing agency have rights to positions at the outstationed site.

b. When a determination has been made as to which CETA participants are affected, such participants must either be transferred to positions not affected by the layoff or be terminated from CETA. However, it is essential that every effort be made to relocate participants in other positions not affected by the layoff. Transfer to non-profit agencies should be encouraged as an alternative. When determination of participants is unavoidable, such persons should be provided with assistance which would aid them in maintaining an income, such as special job counselling, or special efforts to locate unsubsidized employment.

Senator NELSON. OK. Mr. Anderson?

Mr. ANDERSON. Thank you, Senator Nelson. I would just like to expand on what Mr. Wells has been saying just to give you an overall idea of what is going on with the CETA program. I brought along one report that I got from our local union up at UW-LaCrosse and the simplest way to project it to you is read it to you which will not take that long.

The UW-LaCrosse hired an administrative assistant, one CETA business services forms management program. Starting date, June 6, 1977. The forms management program was instituted in order to have a central file on campus for all departments where there is a copy and a list of all forms used by the university personnel. The CETA employee keeps all files up to date, making any corrections, deletions, and records—recording any additions.

A number is assigned to each and it is entered into the computer file.

The CETA employee appears to have special considerations in hours of work: November 3, 1977, 9:30 a.m. to 4:30 p.m., lunch, 11:45 to 1:15; November 14, 1977, 1 p.m. to 4:30 p.m., and it goes up until the 22d. I could continue giving you dates but it's that type of pattern.

The CETA employee did not report to work on Monday, December 26, 1977; Tuesday, December 27, 1977; and Friday, December 30, 1977. The CETA employee reported 80 hours of work for that payroll period and was paid for 80 hours.

The personnel office was questioned in regard to the time report discrepancy and stated he would check into it. On January 25, 1978, the individual was asked if the time report was changed. He stated that they had worked out some type of arrangement in regards to the 24 hours leave time. Payroll was called that day and the time report was never changed.

On January 20, 1978, the personnel office stated that the CETA employee was a salaried employee and that his work—he is working Saturdays to make up his leave time as agreed to between personnel and himself, and the report goes on to indicate that the individual spends most of the time in filling out law school applications and studying exams during working hours.

The problem that we consistently put up with in State agencies I think is the monitoring administration. I don't so much blame a CETA employee in this case but I have strong feelings on how the personnel procedure should be implemented for the best interest of our membership and the best interests to the employee that's receiving the funds. This is just one indication.

Senator NELSON. Well, thank you very much, and if you submit your material, we'll appreciate having it.

Our next hearing will be in Washington on March 1st. That concludes the hearing today. Thank you.

[Whereupon, at 1 p.m., the subcommittee was recessed.]

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

WEDNESDAY, MARCH 1, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT,
POVERTY, AND MIGRATORY LABOR
OF THE COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:12 a.m., in room 6226 Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Javits, Chafee, and Riegle.

Senator NELSON. Today is the second day of Washington hearings on the reauthorization of the Comprehensive Employment and Training Act. Last week we received testimony from the administration, and from Prof. Eli Ginzberg, chairman of the National Commission for Manpower Policy.

After today's hearings, we will hold three more, on March 2, 6, and 10.

Today the subcommittee will hear from Michael Wiseman, professor of economics at Berkeley; Glen Nichols, president, Interstate Conference of Employment Security Agencies, Inc., Department of Employment, Boise, Idaho; Kenneth Young, representing the AFL–CIO.

We have a panel of business and industry, on which are Roger Curry, executive vice president, Twin Cities Area, Chamber of Commerce of the United States of America; Malcolm Lovell, president, Rubber Manufacturers Association, and member of the Business Roundtable; Frank Schiff, vice president and chief economist, Committee for Economic Development; and Richard Drabant, manager of marketing, Chrysler Institute.

William Mirengoff, study director, Committee on Evaluation of Employment and Training Programs, National Research Council, will also be presenting testimony to the subcommittee.

The committee is pleased to have you here this morning.

Our first witness is Prof. Michael Wiseman.

Mr. Wiseman, the committee is pleased to have you here this morning. Your testimony will be printed in full in the record. You may proceed in any way you wish.

STATEMENT OF MICHAEL WISEMAN, PROFESSOR OF ECONOMICS, UNIVERSITY OF CALIFORNIA AT BERKELEY

Professor WISEMAN. I think I will go through my testimony fairly closely. However, I will try to abbreviate it as much as possible.

Mr. Chairman and members of the committee, thank you for the opportunity to discuss CETA public service employment. I have been engaged in PSE-related research for several years.

The Joint Economic Committee published the first of my papers on the topic in August 1975. I subsequently published a paper on PSE as fiscal policy in the "Brookings Papers on Economic Activity" in 1976, and the forthcoming report of the National Commission for Manpower Policy to Congress on the "net effects" of PSE will include a paper on PSE regulations that I wrote with Prof. Harry Katz of the Massachusetts Institute of Technology.

I am currently involved in the Brookings Institution CETA monitoring study. The basic research on which all of these papers have been based has been funded, and continues to be funded by the Offices of Research and Development and Program Evaluation of the Employment and Training Administration of the Department of Labor.

My conclusions are my own, however, and the Department of Labor should not be implicated and, as we shall see, would probably prefer not to be.

My comments are divided into two parts. In the first I make some general observations about ways of thinking about PSE that I have found useful. In the second I will comment on five components of the administration's recent proposals for legislation to extend CETA for the next 4 years. I have not actually seen the draft legislation; my remarks are based on a National Association of Counties summary published in late January.

THINKING ABOUT PSE

Basically when we talk about PSE we are talking about buying jobs in State and local government—and, more recently, in nonprofit organizations—for selected "target" workers.

PSE policies as currently operated have two components. The first is the PSE policy "proper" which says that such jobs, when given to members of the target group, do something good at less cost than when alternative means are used to the same end. The second is a grants-in-aid policy for buying the jobs.

It is important to distinguish between these two components, because the distinction underscores the fact that PSE can fail for two very different reasons. On the one hand, we may be wrong about what we believe the jobs can do. On the other, we may not get whatever benefits the program could provide because the grants policy may not deliver the right types of jobs or fill them with the targeted workers. Thus, in looking toward the refunding of CETA PSE, we need to evaluate both PSE itself and the grants policy that is used to deliver it.

Senator JAVITS. Mr. Chairman, I am obliged to go to the White House. I hope the witnesses will understand. I will return as soon as possible, and I will read such testimony as I have missed.

I have an assistant who will cover here while I am gone. I want you to know that I consider this CETA problem—the problem of structural unemployment very grave, on which I have sought to make my own contribution by introducing a number of bills pending before this subcommittee and the full committee.

Senator NELSON. If you will be kind enough to tell the President the next time he invites me, to leave you behind to conduct the hearing. [Laughter.]

Professor WISEMAN. Ignoring for a moment the short-term reverses associated with bad weather and the coal strike, and assuming we will have about a $25 billion tax cut by midyear, the data indicate rather clearly that the economy continues on a path of recovery. This growth will, by calendar year 1979 get the unemployment rate below 6 percent.

Most available research suggests that, given the composition of the labor force and current operation of labor markets in this economy, the "full employment" rate of unemployment is in the 5-to 6-percent range. By the "full employment" rate, I mean the lowest rate attainable without generating acceleration of inflation given the current structure of the economy.

If this is true, the object of PSE is no longer "countercyclical" but "structural." It should be used in conjunction with CETA title I-type programs (Title II under the reorganization proposed by the administration) to improve the employability of those still unemployed or underemployed at "full employment" with the object of lowering this structural residual. A countercyclical program, in comparison, has as its objective the rapid creation and filling of jobs during a recession in order to expand the Federal deficit and reverse declines in aggregate employment that raise the unemployment rate above full employment levels.

The evidence on the effectiveness of PSE for this purpose is not very good, that is, the evidence on the effectiveness for structural purposes, largely because there is not much of it. The reason for the shortage is that structural objectives tend to get lost when a rush is on to fill such jobs to achieve countercyclical goals. This was the case in 1971 and 1975, and it was true again in 1977.

Now, with unemployment rates falling, we have the chance to see what structurally oriented PSE can do. I believe that the focus of this committee's efforts should be on improving the grants-in-aid policy that delivers PSE to make sure that the jobs the Government buys with CETA money are appropriate for structural goals.

PROBLEMS WITH CURRENT CETA PSE PROGRAM

Although I am generally incapable of convincing my students of this, often it helps in wrestling with things as complex as CETA to abstract a bit. I would like to think of a comparable policy in an area wholly different from CETA in order to emphasize some of the problems I see in the CETA program.

The State Department currently has a policy of placing special signs in regional offices at which visa applications are processed. These signs say: "First Impressions of the United States Are Made Here." Those of us who have stood in line in such offices know that this is a horrible thought. But let us assume for the moment that such signs are put up to encourage the Department's employees to be warm and humane to people trying to come to this country or to stay in this country or whatever.

This policy, like CETA, has two parts. One is a sign psychology theory that says that, when posted, such signs make a difference in people's behavior. The other is a sign-buying policy that produces the signs to be posted. The sign-buying policy has the following features:

One: The objectives are well defined: The State Department wants a 12 by 18 inch sign with 1½ inch letters or whatever its social psychologists suggest is appropriate.

Two: The product purchased is readily observed: The State Department can tell when its signs are delivered.

Three: The product is produced and purchased at minimum cost: There are many firms that can produce signs. If the State Department seeks competitive bids, we can expect the price that is paid to be as low as possible. The most efficient sign producers will make the best bids.

Finally, the contract is clear and enforceable: Once a firm agrees to deliver a sign meeting the State Department's specifications, it will be paid only if it does so. Under law the State Department, like any other consumer, need pay only for what was contracted and then only if the delivered product meets the terms of the contract.

I think you see now where I am going. Think now about the CETA PSE "contract" between the Federal Government and prime sponsors.

First: The objectives are not well defined: Existing policy is confused by conflicts between countercyclical and structural policy objectives, between getting jobs to people in need at minimum cost and provision of fiscal relief, and so on.

Second: The product purchased is not readily observed: By law CETA prime sponsors are supposed to deliver a certain number of dollars' worth of new jobs to members of certain target populations. They are "to the extent feasible" to provide public service jobs "in the occupational fields which are most likely to expand within the public or private sector as the unemployment recedes." They are to assure that jobs created, again quoting from the law, "in no way infringe upon the promotional opportunities which would otherwise be available to persons currently employed in public service jobs not subsidized under the Act." It is virtually impossible to determine with any precision how much of these things are being done.

Again, the product is not purchased at minimum cost: Or at least I believe this to be the case in many jurisdictions. In most labor market areas, the Department of Labor-prime sponsor relationship is one of a monopsony—single buyer—facing a monopoly—single seller. The costs of jobs get raised by prime sponsors by reducing net job creation or by failing to target jobs as well as could be done.

Thus, if the Federal Government ends up paying the wages for two workers when only one net new job slot is created, or if two workers have to be hired to get one job slot for a worker with severe employment problems, the effective cost of the program given its objectives becomes very high.

Finally, the contract is neither clear nor enforceable: This is a natural result of the ambiguity of the legislation and the way in which prime-sponsor grants are applied for and approved. There are some aspects of the contract that are enforceable.

The law requires, for example, that employers in the program "maintain effort," that is not lay off regular employees in order to fill the positions with subsidized jobholders. Many examples exist of cases

in which the Department of Labor has identified and stopped this kind of activity. But in most cities, maintenance of effort violations of this type are no longer a serious problem. State and local government revenues are growing at an extraordinary rate.

What the program calls for now is maintenance of the growth rate of State and local unsubsidized government employment and addition of CETA jobholders above and beyond this rate. No PSE contracts signed to date attempt to specify such growth rates and to identify the expanding local government employment base against which PSE job creation efforts are to be compared.

These points are made in much more detail in the forthcoming "National Commission on Manpower Policy" report. The point is that we should look to the new legislation for improvements along these dimensions of the job-buying part of current PSE policy.

I will finish up by turning to the administration's proposals for CETA expansion. I turn now to evaluation of five aspects of the draft legislation for CETA expansion. These are: (1) The "triggering" mechanism for PSE funding; (2) the limitation on duration of tenure for PSE participants; (3) the restrictions placed on supplementation of CETA wages; and (4) the combining of the title II and title VI PSE programs and adoption of a single eligibility criterion. And finally, the ceiling and calculation of the maximum Federal contribution for PSE expenses.

For each item, the time constraint forces me to be overly brief; again a more detailed commentary is included in the Katz-Wiseman paper.

THE TRIGGER MECHANISM

The proposed legislation includes a funding mechanism that will cause PSE outlays to vary automatically with the national unemployment rates. I think this feature should be dropped and replaced with a 3-year program of prespecified size. I make this recommendation for three reasons.

First: The trigger is a last vestige of a countercyclical PSE program. We have learned a great deal about PSE over the past few years. One clear lesson is what I would call the PSE equivalent of Gresham's law.

Incidentally, Gresham's law is the economic phenomenon that bad money drives out good money. Countercyclical PSE drives out structural PSE. Putting the trigger in the legislation confuses the objectives of the program.

The PSE you are considering funding now has as its object reduction of the structural unemployment that will persist without intervention through 1982 and beyond. There is plenty of room for a $5 to $6 billion program aimed at this residual and operated independently of fractional variations in the unemployment rate.

Second: Should we need a countercyclical PSE program, the evidence is that Congress will pass one pronto. The record of 1974 is clear: When one is needed, one can be obtained very quickly. I see no reason for making the program any more automatic than it is, and if I were a member of either the Senate or the House, I would question the administration's motives in wanting to do so.

Senator NELSON. May I ask a question? What do you mean, you question the administration's motives? What do you assume they are?

Mr. WISEMAN. I do not know.

Senator NELSON. You question whether they have a motive?

Mr. WISEMAN. I am sure they have a motive, but I do not know what it is.

Third: My work does indicate that a longer horizon is needed for serious planning of PSE at the prime sponsor level. But 3 years is enough, on the Department of Labor side, both for planning and for mounting a good evaluation program to provide the information necessary to decide, in 1981, whether renewal of the policy is in the national interest.

THE TENURE RESTRICTION

The object of structural PSE is provision of on-the-job training in the public sector. I know of no salutary benefits of this type of on-the-job training that are not achieved in 1 or 1½ years at most.

My impression is that nothing ossifies such a program like development of a permanent class of subsidized jobholders and that the present system of indefinite tenure reduces incentives for jobholders to look for unsubsidized work, and for job providers to give the ancillary services necessary for achieving transitions. The tenure limitation clarifies the objectives of the program. It should, if anything, be less than the 78 weeks the administration proposes, but I think that would be an important step in the right direction.

THE RESTRICTION PLACED ON LOCAL SUPPLEMENTATION OF CETA WAGES

The summary of the proposed extension which I received was somewhat vague with regard to the nature of the proposed supplementation restrictions. According to the summary, supplementation was to be limited to 20 percent, but it was not clear whether this refers to 20 percent of participants, 20 percent of the maximum Federal wage contribution, or both.

Senator NELSON. On the limited tenure issue, I do not know whether your statement is based upon the first draft of the administration's bill, or second?

Mr. WISEMAN. It is, I am afraid, based on the first draft.

Senator NELSON. The administration's bill does have a 1½ year limitation.

Mr. WISEMAN. I think that is an extremely desirable alteration.

I think relatively low wages are an essential part of the program for they serve to focus, in part by worker self-selection, the program on persons with unsatisfactory unsubsidized job opportunities. The restrictions also emphasize the targeting of the program on the low skilled. The wage restrictions in the existing program have served to encourage creation of low-skilled jobs in San Francisco's public employment structure that probably would not have been created in its absence, and I understand this is also true elsewhere. The problem is that the restriction is geographically inequitable; talking on the restrictions on maximum wages, pay and supplementation, it is far more restrictive in New York than in Little Rock.

I wish that I could think of a satisfactory way to account adequately for regional differences in wage structure in the CETA funding formula, but I cannot.

I do have a minor suggestion in this regard later in the testimony.

THE COMBINING OF ALL PSE UNDER A SINGLE CETA TITLE

The title II-title VI PSE distinction seems only to create confusion. Indeed, past experience with funding shifts and intertitle transfers has led to a significant number of prime sponsors adopting the policy of requiring all PSE participants, regardless of title under which they are nominally funded, to meet the most stringent criteria in effect in any program. The proposal thus codifies what is already done in many places, and I think it is appropriate.

THE CEILING ON AND CALCULATION OF THE MAXIMUM FEDERAL CONTRIBUTION

As my comments above indicate, I think the wage ceiling is an important component of CETA policy. But I am anxious that you recognize a particularly perverse aspect of this Federal policy. Under the law as proposed, 85 percent of the Federal PSE contribution is mandated for wages and employment benefits. The remaining 15 percent can go for costs of operations.

Note that the Federal contribution is greatest under this procedure for positions with the highest wage levels. Yet it is lower wage jobs that are most likely to be filled with the workers with the least skills—the workers who are most costly to manage, to train, and to counsel.

The CETA PSE program proposed in the extension legislation imposes new and higher costs of job creation on prime sponsors. It is more tightly targeted on people who are hard to employ. This will raise management costs and will call, in many instances, for significant restructuring of employment in local public agencies.

By imposing the tenure limitation, the program also mandates higher turnover and this, too, is costly. Under these circumstances, it seems appropriate to drop the percentage computation of allowable overhead altogether and pay, say, a flat $1,500 per employee per year for overhead costs. This money should be used by prime sponsors as they see fit.

We might go further and allow this overhead payment to vary according to an index of local wage costs, or according to worker characteristics. I would like to see an independent agency, for example, the State employment services, given the power to increase the bonus paid prime sponsors who hire workers the independent agency certifies as having particularly serious employment problems likely to be helped by PSE.

Under the existing system, prime sponsors have no incentive to pick such people up. They fill only low-wage jobs, and this means a low Federal overhead contribution. Without careful management, such persons, almost by definition, are not very productive. They produce, in other words, few benefits for the employing agency. With thought,

we might be able to alter the grant procedure to reverse these incentives and make CETA PSE truly a structural program.

These points will not, obviously, solve all the problems associated with the objectives—visibility, cost, and contract aspects of CETA PSE mentioned earlier in my statement. But they will help. I have many other recommendations, but no time. It must suffice to say that I think the opportunities for improving CETA are enormous. I hope this committee will show more imagination along these lines than is exhibited by the administration's proposals.

Thank you.

Senator NELSON. In the second draft of the administration's proposal, with regard to the question of supplementation, the administration's bill permits the prime sponsor to supplement his total title VI allocation by 10 percent. If he gets $1 million, he may use up to $100,000 of local funds to supplement public service employment jobs.

Mr. WISEMAN. And distribute it over the wage structure in any way they want?

Senator NELSON. Right.

Earlier, I misstated myself. New employees work a maximum of 1½ years. Those who have been on may work 1 additional year.

Mr. WISEMAN. It is basically the program as described here.

Senator NELSON. Yes.

Thank you very much for your testimony here, Professor Wiseman. Thank you very much for taking time to come here.

Our next witness is Glenn Nichols, president, Interstate Conference of Employment Security Agencies, Inc., Department of Employment, Boise, Idaho.

Your statement will be printed in full in the record. You may present it however you desire.

If you would identify your associates for the hearing record.

STATEMENT OF GLENN W. NICHOLS, DIRECTOR, IDAHO DEPARTMENT OF EMPLOYMENT, AND PRESIDENT, INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES, INC., ACCOMPANIED BY ESTHER SHELDEN, RESEARCH PROGRAM ASSISTANT, ICESA; AND WILLIAM HEARTWELL, JR., EXECUTIVE VICE PRESIDENT, ICESA

Mr. NICHOLS. My name is Glenn Nichols, president, Interstate Conference of Employment Security Agencies——

Senator NELSON. Would you please pull the microphone a little closer?

Mr. NICHOLS. I am chairman of our special conference task force on manpower delivery systems. I am also the director of the Idaho Department of Employment, and executive director of the Idaho Manpower Consortium, a State-local consortium, which administers all CETA programs in my State.

With me today is Mr. Bill Heartwell, executive vice president of the Interstate Conference of Employment Security Agencies, and Esther Shelden, research and program assistant.

The Interstate Conference of Employment Security Agencies endorses the reauthorization of CETA and supports the general thrust of

the legislation providing for training and supportive services for the structurally unemployed and public service employment as a countercyclical device. The conference is concerned that the bill fails to fully utilize the expertise of the public employment service, and does nothing to reinforce improving relationships between the CETA and ES systems.

ICESA feels that in the majority of cases, ES agencies and CETA primes are working cooperatively and providing complementary services. The problem of duplication and competition are commonly overstated.

ICESA also feels that the employment service has a role to play in providing placement services to persons with structural barriers to employment. ES has a clear record of service to youth, handicapped, older workers, veterans, and the poor.

The conference makes four recommendations for modifications of the proposed administration's bill. They are: (1) Assign the job search assistance functions in title II to Governors and/or SESA's; (2) provide a stronger role for Governors in planning and coordination of services; (3) clearly define the role of the State Employment and Training Council as advisory to the Governors; and (4) consider elimination of the requirement of local industry councils in title VII and take care to clearly define and coordinate the roles of all advisory councils.

We appreciate the opportunity to comment on the administration's proposal for extending the Comprehensive Employment and Training Act.

We have followed its development closely and participated whenever possible in the dialogue that preceded introduction of the legislation.

Although we have some concerns with the administration's proposed legislation, and some recommendations regarding parts of it, we strongly endorse the reauthorization of CETA, and we support the thrust of this bill which emphasizes the need to address structural unemployment in certain segments of our population, and also to provide public service jobs as a countercyclical measure to reduce unemployment and bolster the economy. We applaud and support those provisions which would clarify and simplify the administration of programs under the act. While we are concerned that the inclusion in legislation of limitations on duration of public service jobs, on wage levels and on supplementation of wages may unduly restrict prime sponsors' ability to respond to unique conditions in various parts of the country, we understand and support the need to strengthen the targeting of resources to those who have the greatest need.

But rather than comment in detail on a technical analysis of the provisions title by title, we would prefer to concentrate our testimony today on the question of coordination between CETA prime sponsors and State employment service agencies, and on means by which the State employment security agencies which we represent can be more fully utilized in achieving the objectives of this legislation.

Your committee is certainly aware of the continuing debate concerning duplicate manpower delivery systems. Since the passage of the Comprehensive Employment and Training Act of 1973, a plethora of studies, congressional oversight hearings, papers, seminars, and na-

tional commissions have studied this question without resolving this basic issue.

The Interstate Conference is most anxious to help solve this dilemma, to the extent that the problem is a real one, in order to provide greater assistance to all people requiring employment and training services. We feel the failure to resolve this issue would be a disservice to both the taxpayers of this Nation and the clientele we are mutually striving to serve.

First, however, we feel it is necessary to clear up some general misconceptions about the relationship between prime sponsors and State employment security agencies. Although it is difficult to characterize, on a nationwide basis, the general nature of ES–CETA relationships, since these relationships vary in different States and localities, we do know that these relationships have improved significantly in the past year or so, and we suspect that those instances where ES agencies and CETA primes are not working well together are in the minority.

ES and CETA are working together. In many instances prime sponsors are contracting with local ES agencies for the provisions of referral and job search assistance services including placement, for development of labor market information, and for a variety of other services. Nearly half of our member ES agencies operate the balance of State prime sponsor program for their Governor. Prime sponsors and ES agencies are co-located in some areas.

In my own State of Idaho, the two eligible prime sponsors—one urban county and the balance of State—have joined together to form a State local consortium. The Governor and county commissioners serve as a "Board of Directors" of the consortium, and I wear two hats—one as administrator of the State employment security agency, and a second as director of the Idaho Manpower Consortium. All CETA services in Idaho are delivered through our local employment service offices. We have a system of regional "subsponsors" whereby local governments engage in CETA planning and negotiate directly with our local offices for the kind of quality, and level of CETA services appropriate to the locality. In Idaho we have put CETA and ES together and made it work, and we have maintained the integrity of both systems—providing for local planning, program design and evaluation and avoiding costly duplication and competition in our administrative system.

In short, we feel that the concerns about existing CETA–ES relations may be overstated in some quarters.

The primary function of the employment service is to help people get jobs. This function includes intake, counseling, job/skill matching, referral to job opportunities in the private and public sectors and referrals to public service employment. This does not conflict with the basic prime sponsor responsibility for employability development which includes work experience, skill training, remedial and institutional training, development of public service employment opportunities, and other supportive services.

Again, in that context, progress has been made in the past several years in coordinating the activities of the two systems resulting in a more efficient and effective array of manpower services to the community. In many instances duplication has been minimized, leading to maximum services from both the employment service and the prime sponsor.

In finding public sector jobs this progress and cooperation can best be documented by the fact that in 1976 the number of applicants under the Comprehensive Employment and Training Act placed by State agencies was doubled over the previous year, and 12 percent of all ES placements was in subsidized public service employment.

In 1977, and this year, we responded to the administration's economic stimulus goal of enrolling 725,000 individuals in public service employment. As of today, 697,000 individuals are on board, and all of those have been certified for prime sponsors by State employment service agencies. As Secretary Marshall testified on February 23, the goal of 725,000 enrollees should be reached this month.

We believe that public service employment will help to reduce unemployment and that we in the employment service have a role to play. The structural unemployment problem is more deeply rooted, but is also an area where we believe the public employment service can play a significant role.

In your letter inviting me to testify before the Senate Committee, Senator Nelson, you asked that I comment on the questions of employment security agencies' services to those least equipped to compete in the labor market. Services of ES agencies to these persons have been substantial, longstanding, and often overlooked. Since its inception, the public employment service has been concerned with, and has developed programs to assist youth, older workers, the veteran, handicapped, migrant workers, and others with a disadvantage in the labor market.

Youth, the need for providing special services to youth was emphasized in the Wagner-Peyser Act which established a nationwide public employment service to serve "men, women, and juniors."

By October 1939, there were 177 cities in which the public employment offices had full-time junior placement counselors on their staffs. This has been a continuing effort. Currently 31 percent of all individuals receiving counseling services are youth under 22. And, what is even more significant, 42 of every 100 people placed in jobs are under 22.

Senator NELSON. What percentage of that youth would be classified as disadvantaged and structurally unemployed?

Mr. NICHOLS. I do not have a figure specifically for disadvantaged youth, but economically disadvantaged generally, 34 percent of our placements fell into that category. Thirty-one percent of our placements were of minorities. The figures are not all that bad. We are not doing that badly in terms of placing people with labor market disadvantages.

Senator NELSON. We had hearings on this question a few years ago, and traditionally the employment service's role has been to find a job for somebody with a skill to fill it.

Ten years ago, the employment service was not involved in structurally unemployed job placement. We did not have programs to address the difficult job of counseling and placing people in jobs who were disadvantaged, lacked skills, as well as an employment record.

I am not critical of that, because that was not the employment services role historically. I am interested in your statement that you are placing a higher percentage of disadvantaged persons. Has anything happened within the employment service in the various States in terms of hiring personnel who have special experience in dealing with the

hard-core unemployed and minorities? One problem raised a half a dozen years ago was that many employment service agencies did not have a Spanish-speaking member in areas with many Spanish-speaking people.

Mr. NICHOLS. I think a number of things have happened, some we cannot be too proud of. We have special workers for migrant seasonal workers. We have also, just as a result of the cooperation I spoke of earlier, with our own CETA prime sponsor, become sensitive to the fact we have responsibility to serve people with labor market disabilities.

I see something that concerns me a little bit. I think I am afraid we might find the wrong solution to the problem. I am concerned about how can we bring the resources of the employment service to bear on providing services to those people who have a disadvantage, minorities, people with other structural barriers.

I am a little concerned that the solution we look to may be the wrong one.

A number of years ago, back in the sixties, a friend of mine, who is in the room, a former Assistant Secretary, used to say this, a number of years ago, in the sixties, the Labor Department was concerned about target groups, people with structural disadvantages. They expressed that concern in the form of priorities that the employment service was to meet in serving economically disadvantaged, and so on.

The enforcement priorities were rewarded through the budget. As a result of that, I think what happened was we did a poorer job of serving the economically disadvantaged than we are doing now, when we are apparently not concerned with anything except that cold placement figure.

We talk about our resource allocation process being one that emphasizes placements at the expense of people who have a disadvantage. As a matter of fact, someone suggested our process impedes our ability to help the disadvantaged by forcing us to cream or find those easiest to place to meet the numbers game.

What happened during the sixties, we went so far in targeting resources to priority groups, we had a situation where a directive was issued not to service unemployment insurance claims, the theory being these people are job-ready.

What happened as a result of that was basically employers quit submitting job orders. They quit coming to us because they perceived us as not filling their needs.

Senator NELSON. Why would that be? If an unemployed person who has a job skill registers at the employment service, and there is an employer who needs such a worker, then historically the employer notified the employment service and the employer and the unemployed person were matched together. It was not a serious problem.

Why would what you were doing interfere with that function?

Mr. NICHOLS. I think employers perceived we went so far in trying to serve the disadvantaged we forgot their needs. We sent people to them that, in many cases, employers felt were not qualified to fill the jobs. In sheer numbers, our placements—in 1963, showed we were placing about 6½ million people. Later on, employers began to feel we were not filling their needs. By 1970 that number of placements had fallen to 3.8 million, and even though the percentage of disadvantaged

groups as a percent of the total placements was higher than it had been, the sheer numbers of disadvantaged or other clients had dropped so drastically we were doing a poorer job of serving target groups.

Senator NELSON. Those raw statistics would need to be evaluated. The unemployment rate nationwide was higher in 1970 than 1963, so you obviously would place fewer people.

Mr. NICHOLS. That is true, Mr. Chairman, but I think there is a great deal of evidence our overemphasis on target groups did contribute to our drop in placements. The Manpower Administration made a turn and went toward the current policy of emphasizing total placements. At that point we started back up, and we have consistently, since then, each year, increased the total number of placements and in doing so, increased the total number of disadvantaged people we have placed.

That is not to say we are doing an adequate job. I am concerned we do not go too far in the direction of channeling all our resources toward advantaged groups that we do such a poor job the employers leave us again. That concerns me, because I think the ultimate solution to high unemployment is jobs in the private sector, and without those employers, we cannot provide those jobs.

Senator NELSON. I do not understand the conflict. Somebody has to have the responsibility of dealing with the much more difficult question of assisting the structurally unemployed, who are untrained, unskilled, and have no work record. Such placements are more difficult than placing the skilled worker, or the worker with a work record.

We are in the position of, either leaving the employment service to assist these persons, or creating another agency of some kind to address itself specifically to this issue.

There are some experiences around the country concerning a delivery of that service through private groups, that appears to be doing a good job because they address themselves solely to the issue of assisting the economically disadvantaged, hard-core unemployed. They act as a type of an employment service by seeking a position for a disadvantaged person. If the employment service did that, you would not need that kind of organization.

Yet there is talk here of setting up some kind of organization such as that. Then we will have another group doing it.

I am wondering why the employment service cannot perform its traditional function, and have a section in it that seeks employers for disadvantaged persons, follow up their placement, and if they do not make it, help them along. For example, get them referred to the right place for training, and back to another employer. An individual, with no work record and no skills, has to have special assistance, and follow-through.

If the employment service cannot do this, then Congress is going to create an agency who can, which I think is too bad. But, nevertheless, the responsibility to serve the hard-core unemployed is there. It would seem to me that the employment service is the one who ought to do it.

We had quite a bit of resistance, 4 or 5 years ago. The employment service said it was not their business. They were not concerned about it.

Now, years have gone by, and you are still saying you do not know if you can play both roles. If you cannot, we will create an agency to do so, and leave the employment service out.

Mr. NICHOLS. I hope I did not give the impression. I think we can play both roles.

I would like to point to an example, with regard to a difficult group to place, that is, our experience in the WIN program. I think the employment service record is very admirable. We are dealing with those hard to place, women, minorities, little work history generally. We have provided that special effort. It is not just a placement effort, but to provide other resources, counseling, child care, things that make it possible for an individual with disadvantage to get work.

As a matter of fact, I cannot understand why we are not paying attention to this model we have had 10 years of experience with, that does save welfare dollars, by putting people to work. In fiscal year 1977, welfare savings from WIN, were estimated at $444 million. The total budget was $365 million. It is a cost-effective program.

We placed 271,271 welfare recipients, verified at the end of 30 days, at an average of $3.70 per hour for men; women, 75 percent of that.

Those are not bad figures, and it is not a bad program. It is one of those programs we can cite so many testimonials of success stories of people who had an opportunity for a fresh start.

I think WIN is an example of how the employment service can act.

Senator NELSON. I like your optimism, but there are those who say, with regard to the WIN program, it would have happened anyway. I hope they are wrong. Maybe it is halfway in between. They are very difficult statistics.

Mr. NICHOLS. I do not know whose numbers are right. The numbers aside, I know some of the people, and I have seen the experience of people who, without that opportunity provided through the WIN program, would not have been able to make that transition as easily.

Senator CHAFEE. In my experience with the employment service it has been that they are a passive unit. They concentrate on getting out their employment checks. They will also funnel a worker to an employer.

To say they are an aggressive, out reaching organization, surprises me. Is that your contention? I would be interested to know where one does all that. Are you saying you could do it, or are you saying you currently do it?

Mr. NICHOLS. I think the employment service is a changing organization. I do not think we are the tired old bureaucrats that we have the image of.

Senator CHAFEE. I am not saying that, but I do say you are inundated with people lining up to get their checks. You have to process those, get them out. Your outreach to get jobs for those who are difficult to get jobs for is minimal.

When I read on page 7 that you have placed 3.4 million individuals, I think that is a little charitable on your part. You may have funneled individuals into jobs, but I do not think it is—it does not necessarily reflect credit on your organization for finding these people jobs.

Is that an unfair appraisal?

Mr. NICHOLS. I do not think it is entirely accurate. I would put out that one main reason the employment service has not been as aggressive as it could be, for the last 13 years, we have operated with a level group of positions in the employment service.

Senator CHAFEE. I think that is true.

Senator NELSON. You mean the same number of employees now?

Mr. NICHOLS. Thirty thousand nationwide. I would submit to you, if we took that $400 million that the administration proposes to do something with under title VII, which is over half our employment service budget, we could do a whole lot more than provide 100,000 jobs.

We do not have the dollars to do it. We are slowly being eroded away, and squeezed down.

In this piece of legislation, the administration proposes $400 million to put 100,000 people to work in private sector jobs. We have placed, 3.4 million people on a budget twice that big. Give us that $400 million, tell us to use it exclusively to service disadvantaged.

Senator CHAFEE. 3.4 million. If a Ford Motor Co. employee is laid off, and then called back on the job, is that considered a placement by you folks?

Mr. NICHOLS. Mr. Heartwell tells me no. I do not believe it is.

Senator CHAFEE. I do not know how you get up to 3.4 million then. What is your figure of 3.4 million? Where does it come from? Is it that you actively went out and got jobs?

Mr. HEARTWELL. Yes, sir. That, Senator, is the number of individuals that were actually placed into jobs, 3.4 million.

Senator CHAFEE. Rather than having been called back from their old job?

Mr. HEARTWELL. Yes, sir.

Senator CHAFEE. That is a pretty impressive figure.

Mr. HEARTWELL. We think so. The breakdown on the types of placements, they run the gamut, but percentagewise we are doing a better job than we did in the sixties, because we have employer confidence now, and placing more minorities percentagewise, youth and veterans, in this 3.4 million.

I think that we are really restricted by the very point Mr. Nichols made, with a 25-percent increase in the labor force, we are still operating with the same number of people we operated with 13 years ago.

Mr. NICHOLS. Looking at performance in the last 5 years, we are not the same organization. The number of individuals we placed in nonagricultural positions is up. Those figures have changed since we have examined the employment service in the past. We are doing a better job on less money.

It is apparent to me that the administration does not have a great deal of confidence in the employment service. You can look at the trend. You can look at recent legislation for youth, disadvantaged groups, they have chosen the CETA mechanism. If some of those resources were directed toward the State employment service, or give the dollars to the State Governors, I am confident they will go to their employment service, and they will tell us, "go out and find people jobs."

Senator CHAFEE. I think you have a point. The local director of employment security in our State is appointed by the Governor.

Senator NELSON. On the question of placements, Senator Chafee raised the question of a person laid off and rehired. This is not counted in your statistics, correct?

Mr. NICHOLS. That is not a placement.

Senator NELSON. It has to be a new employer, so far as the employee is concerned?

Mr. NICHOLS. That is my understanding, yes, sir.

Senator NELSON. So, if somebody was an auto worker, and was working at one plant, and now went to work, say, from General Motors to Chrysler, or to Ford, those would be counted as placements?

Mr. NICHOLS. Yes, sir; if we were the intermediary.

Senator NELSON. If a construction worker is laid off because a job was finished, and went to work for another employer, is that placement counted?

Mr. NICHOLS. Yes, sir.

Senator NELSON. Do you have a breakdown for the record on how many are new placements, including young people, entered the labor market for the first time? Do you have a breakdown of how many you would classify as structurally unemployed?

Mr. NICHOLS. I do not believe I can give you a figure here for new placements, we can get that information for the record, and we will do that. We have a breakdown of placements generally.

Senator NELSON. Could you submit that for the record in the next 10 days?

Mr. NICHOLS. Certainly.

[The following was subsequently received for the record:]

ICESA

INTERSTATE
CONFERENCE OF
EMPLOYMENT SECURITY
AGENCIES, INC.

March 13, 1978

Mr. James W. Powell
United States Senate
Committee on Human Resources
Room 4230
Washington, D.C. 20510

Dear Mr. Powell:

During my recent testimony on CETA reauthorization before the Subcommittee on Employment, Poverty and Migratory Labor, Senator Nelson requested a breakdown of the number of youth, new in the labor force, placed by the Employment Service. While we have no specific data for the number of new youth applicants placed, we do know that in fiscal year 1977, the employment service placed 1,793,434 youth under 22. What we were able to determine was that approximately 80% of the youth applications on file were of applicants entering the labor force for the first time. Therefore, it seems logical to assume that approximately 1.4 million or about 80% of the youth placed were new entrants. There is no breakdown for youth classified as structurally unemployed, however, the employment service did place 682,789 economically disadvantaged youth under 22 in FY '77.

In addition, I would like to submit a correction to the supplemental testimony information I mailed on March 2 for inclusion as part of the official record. The attached sheet entitled, "Service To The Disadvantaged" contains corrected data.

Once again, if I or the staff at ICESA can be of any further assistance, please feel free to call on us.

Sincerely,

Glenn W. Nichols

Glenn Nichols
President

Attachments: (1) Glenn Nichols' testimony
(2) Service to the Disadvantaged

cc: Senator Nelson

SUITE 1242
1329 E STREET, N.W.
WASHINGTON, D.C. 20004
202 / 628 – 5508

SERVICE TO THE DISADVANTAGED

I think perhaps there is some misconception about the ability of the employment service to serve the disadvantaged. I think we are not doing all that badly at placing those with labor market disadvantages. Look at some of the statistics.

Youth	43.6 percent of all the people we place are under 22. 31 of every 100 who receives counseling is under 22
Handicapped	We place 16,000 handicapped people every month
Veterans	16 percent of our new job applicants are veterans but over 18 percent of our placements are veterans
Economically Disadvantaged	In FY '77 we placed 1.4 million

I think our experience in the WIN Program is especially significant when discussing services to those with barriers to employment. The WIN population represents the socio-economic group least likely to obtain employment--women, the unskilled, the undereducated.

In FY '77 welfare savings from WIN were estimated at $444 million compared to a total WIN program budget for FY '77 of $365 million. During this period 271,271 welfare recipients were placed in employment with placements verified at the end of 30 days. Average hourly starting pay for men was $3.70. The average for women was $2.73 or about 75% of that of the men. In the mainstream of labor force, women's earnings are about 60% of those of men. On the average WIN beneficiaries were placed in employment at hourly rates about 50% above the federal minimum wage and approximately 25% of them were placed in jobs paying $4.00 an hour or more. Job retention rates are also good, with more than 75% of those who complete the verification period still working after six months.

The WIN program has an enviable record on cost effectiveness. For each dollar spent in the WIN program it is estimated that welfare grants are reduced by $1.30 in the first year after placement.

Senator CHAFEE. You showed considerable enthusiasm for the WIN program. Do you think that one of the reasons it is successful is because of the tax credit that is given under it?

I might say I believe in incentives like that, but I was wondering what your view is.

Mr. NICHOLS. I do not know that my view would be very informed. I do not know that it would be accurate to say that is true. It may very well be.

Senator CHAFEE. In any event, you found the WIN program a success?

Mr. NICHOLS. Absolutely.

Senator CHAFEE. Thank you.

Senator NELSON. Go ahead. You were at page 5.

Mr. NICHOLS. The handicapped and older workers—techniques for selective placement of the handicapped were developed as early as 1940, and the most current data indicates that SESA's are finding jobs for about 16,000 handicapped persons each month.

As early as 1956, the public employment service had launched a program of improved and expanded services to older workers through the appointment of older worker specialists in each SESA. At about the same time, services to minority groups were strengthened based on nondiscriminatory policies set earlier.

Another integral part of ES activities is services to veterans. During the first 10 months of fiscal year 1977, 16 percent of new job applicants were veterans, but more than 18 percent of total placements represented this group. More than 38 percent of job applicants referred to supportive services represented veterans and job development contacts made for veterans totaled 27 percent of all job development contacts made. This is a record unparalleled by any other employment system for this special applicant group.

Beginning in the early 1960's, the Employment Service reemphasized assistance to the disadvantaged through its role in the Area Redevelopment and Manpower Development and Training Act. Today it continues to place more lower income applicants, and in a much more cost-effective manner than any other public supported employment and training program. This is not a new phenomenon. Employment service agencies have been successfully placing welfare recipients and other disadvantaged individuals for many years. For the 10 months ending July 1977, almost 1 million economically disadvantaged people were placed in jobs by the public employment service.

Currently it is dealing effectively with welfare recipients in the work incentive program. This program is designed to provide needed job placement, training or related assistance to AFDC welfare recipients so that they may become self-sufficient and economically independent.

The WIN population, in terms of its social/economic makeup, are those least likely to reach gainful, self-sufficient employment—women, the unskilled, the undereducated, and others who are not job competitive. Thus, WIN is categorically designed to meet the employment needs of a population sector that would otherwise be outside the mainstream of employment efforts.

This is one of the most cost saving programs for serving those on welfare who are seeking work, in the first 9 months of fiscal year 1977,

about 203,000 welfare recipients were placed in employment through the WIN program at an average cost of about $880. This employment increase was 12 percent over fiscal year 1976, and 60 percent over fiscal year 1975.

Significant over-the-year gains in placement have occurred for youth, migrants, economically disadvantaged, and CETA applicants.

State employment security agencies do have some major concerns with parts of the proposed legislation which we feel need to be addressed further. Earlier in this testimony, I commented on the improved working relationships between prime sponsors and employment service agencies. I have also outlined the record of ES agencies in serving those with disadvantages in the labor market. We are concerned that the administration bill does nothing to reinforce the positive trend in ES-CETA cooperation, and may in fact further confuse and aggravate these relationships.

We are also concerned that the legislation fails to take full advantage of the capabilities which the public employment service has to contribute.

Although we recognize that the CETA system has been chosen as the major vehicle for manpower service delivery under this administration's economic stimulus program, we feel that this, and other administration legislation, is deficient in its failure to recognize and fully utilize the resource available in the state employment security agencies.

This failure to utilize ES expertise is apparent in recent legislation on youth, the administration's proposals for manpower service delivery under the jobs component of welfare reform, and its HIRE and STIP programs. All these initiatives demonstrate the clear orientation of the administration toward use of the CETA systems not only for employability development and public service employment, but for an accelerated job search assistance program including job development and placement in the private sector.

We find this difficult to understand in view of the employment service's proven track record. The employment service has unique strengths and capabilities, particularly in dealing with the private sector. Reflecting strong recovery from the recession, the public employment service placed 3.4 million individuals in jobs in fiscal year 1976—up 7 percent above year-ago levels.

In the first 9 months of fiscal year 1977 the employment service found jobs for more than 3 million people at a cost of $160 per placement. We challenge any public or private employment system to match this achievement.

Based on its experience, its geographical coverage, a local office in 2,600 of the Nation's communities, and its proven flexibility in adapting operations to policy direction, it is difficult to understand why the public employment service should not have the major responsibility for what it does best—the finding and filling of jobs. It is clear, however, that the proposed legislation could leave the utilization of 2,600 local public employment offices to the whim of approximately 450 prime sponsors.

We find it difficult to understand the rationale for budgeting $400 million, which represents over one-half of the Employment Service budget, to prime sponsors for the 100,000 private sector jobs, when last year ES placed 3.4 million in private unsubsidized jobs. These

accomplishments were achieved in addition to providing other job search related activities such as intake, assessment, counseling, testing, labor market information, and so on.

It is important to recognize the fact that prime sponsors are already engaged in some instances in making direct placements in the private sector. We feel that expanding, emphasizing, and formalizing this role in a new title is unnecessary and will further contribute to fracturing the long standing ES relationship with the private sector.

The point of further emphasizing duplication of activities in the private sector is unclear since much progress has been made in the past several years between ES and CETA to complement each other's programs and facilitate the employment process. Repeated contacts of employers by the myriad of manpower agencies to develop job openings is not a logical approach, and is a waste of valuable resources.

Accordingly, we are concerned about the provisions of title VII that would place prime sponsors up front in developing jobs in the private sector. And although we agree that prime sponsors should be responsible for submitting an employment plan responsive to local needs, and that a certain degree of flexibility must be maintained to accommodate existing successful delivery mechanisms based on previous performance, we take issue with prime sponsors having the major role in a job search assistance program including placement in the private sector. This responsibility, we believe, should primarily be that of the State through its public employment service agencies.

We believe the most effective legislation should call for explicit coordination of the labor exchange function of the State employment service with the employability development services available through prime sponsors to result in maximum service to clients.

Another major concern we have with the legislation is the review and comment role by the Governor of prime sponsors' employment and training plans. Although we recognize that the administration's proposed attempts to accommodate the very apparent need for a stronger role for Governors in manpower service delivery, we feel that its provisions fall short of what is needed. The requirement that prime sponsors transmit employment and training plans to Governors for review and comment prior to submission to the Secretary of Labor does not go far enough in providing Governors the authority needed to effectively plan and manage the full utilization of State services. Nor is it enough to require that the Governor prepare a "coordination and special services plan" without providing the authority and resources necessary to assure that such a plan can be implemented.

Governors should have the authority to determine statewide service priorities and other basic policies. They should be accountable for planning and operating a manpower delivery mechanism capable of performing labor exchange, employability development, labor market information, and public service employment function.

In order to implement an integrated service program to meet statewide needs, Governors should have flexibility for assessing local conditions, and should have the authority to exert more positive influence locally through negotiation and collaboration with local officials.

Only the Governors can achieve an effective interface between prime sponsors and other State administered manpower programs such as the employment service, vocational education, vocational rehabilita-

tion, unemployment insurance, social services, and economic development. This is needed to delineate and coordinate responsibilities at various levels and to assure that there is a clear understanding of the relationships among them. It follows, therefore, that the Governor should have the responsibility and authority, if not of approving prime sponsor plans, of assuring that prime sponsors fully recognize and utilize the services and capabilities of local management offices.

Under the current proposal, final authority for bridging prime sponsors and employment service offices if, first, at the discretion of the local prime sponsor, on the local level, and eventually the Secretary of Labor. If the Governor is not required to approve such plans, he should be provided with some stronger means of meeting his responsibilities with regard to coordinating all job assistance activities in the State.

Further, to assure that national priorities are met, as a part of the State manpower service delivery system, Governors should provide certain functions, in cooperation with the Department of Labor, and under DOL standards and guidelines, including a comprehensive statewide plan supporting national goals and objectives, a management information system, and a computerized job matching system.

It is important to note that labor market boundaries do not necessarily coincide with State, county, and city lines. Capital and labor are essential links between labor markets, and the mobility of both is such that it is often beyond the control of local governments.

However, State governments, acting in a coordinating capacity among cities and counties, can help develop a balance between supply and demand for manpower, and should be charged with assuring that there is coordinated intrastate and, when necessary, interstate, planning to identify local needs.

When prime sponsors and local agencies and organizations are unable to develop an integrated delivery system, then State level guidance, encouragement, persuasion, incentive, directives, or whatever is needed, should be provided by the Governor to insure that planning is accomplished.

Also, it seems to us that the proposed legislation proliferates and duplicates the role of planning councils. Although we agree the State Employment and Training Council needs to be strengthened, broadened, and become more involved in the delivery planning coordination and process, this council is appointed by the Governor, and is an instrument of the Governor, and to have local prime sponsors' plans submitted to both for approval and comment needs to be clarified.

Therefore, to clarify this, we feel that the State Employment and Training Council is advisory to the Governor, and that comments should be directed to the Governor and considered by him in approving or recommending modification to prime sponsors' plans.

On the local level, title VII designates "local industry job councils." CETA planning councils are already in place in most localities, and additional employer committees are being formed under the job service improvement program to advise local ES offices on their operations

The National Alliance of Businessmen (NAB) Board is being broadened under a new name of the National Industry Council. This places four separate councils or groups on the local level with some

varying but overlapping responsibilities to become involved in the delivery system planning mechanism. This creates unnecessary confusion and duplication. This cumbersome process needs to be streamlined and clearly defined, or we feel this would further strain and overly duplicate an already fractured planning and delivery system. We question the need to require the formation of the local councils called for in title VII.

In summary, Mr. Chairman, we would recommend the following:

One. That the job search assistance activities in the private sector as incorporated in title II be legislatively designated as the responsibility of the State. This might be done either by specifically designating the ES as the responsible agency, or by charging the Governor with the responsibility of this activity. In either case, the Governor should be insured sufficient flexibility to utilize the delivery system he deems most effective, and measures should be taken to assure full recognition of the ES and a major role for it in the job search assistance function;

Two. That Governors should be given either approval authority over prime sponsors' employment and training plans, or some other means of exerting more positive influence in the coordination of labor exchange, labor market information and manpower service delivery programs;

Three. That the role of the State Employment and Training Council be clearly defined as one of serving in an advisory capacity to the Governor; and

Four. That great caution be exercised before requiring the creation of any additional advisory councils, and that the roles and relationships of all such councils be more clearly defined and coordinated.

In conclusion, we invite your attention to two earlier points in our testimony today. First, as we employment security administrators are convinced that our relationships with our colleagues responsible for administration of CETA programs are far better and more workable than seems to be generally recognized here in the Nation's Capital.

And second, despite the language in our authorizing legislation, the Wagner-Peyser Act, that charges us with serving all clientele seeking our broad range of services, we are responsive to target groups. In spite of our limited resources to assist those most in need, we have met or exceeded specific quantitative goals in services to this clientele included in the administration's stimulus package, whether they be migrant workers, youth, welfare recipients, veterans, minorities, or older workers.

The fact, Mr. Chairman, that this has been done along with meeting our other cascading responsibilities without an increase in employment services positions for over a decade, we feel, is an exemplary and significant accomplishment often overlooked by the administration. We hope that it will not be overlooked by the Congress, and we pledge our continuing cooperation and dedication to meet the objectives of the legislation before you.

Thank you very much for this opportunity.

Senator NELSON. I am concerned about creating additional methods of delivering services of this kind. We have before this committee a displaced homemakers' bill, in which the original proposal proposed creating 50 agencies in the 50 States, with the special role of counseling,

training, and placement of displacement homemakers. This would create another delivery system.

I do not think that makes sense if we have got something in place that can work.

Mr. NICHOLS. I agree, Senator. I think many of the things that this bill tries to do we already have the delivery systems out there can do these things. I do not know the latest version—title III originally was to deal with nationwide problems the localities could not deal with. I do not think displaced homemakers are a problem you have to deal with in a national way. Those resources are made available under title II.

I am a little concerned that the administration's bill tries too hard to turn the screws down too tight, and leaves very little flexibility for local prime sponsors to decide how it does work best for them. Many of those things I do not think have to be specified in law.

Senator NELSON. Thank you very much.

Our next witness is Kenneth Young, legislative director, AFL–CIO.

If you would identify your associates for the hearing record.

STATEMENT OF KENNETH YOUNG, ASSOCIATE DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS, ACCOMPANIED BY MARK ROBERTS, AFL–CIO ECONOMIST; AND ROBERT McGLOTTEN, AFL–CIO LEGISLATIVE REPRESENTATIVE

Mr. YOUNG. Surely, Mr. Chairman.

On my right is Mr. Robert McGlotten. On my left is Mark Roberts.

Senator NELSON. Your statement will be printed in full in the record, and you may present it however you desire.

Mr. YOUNG. Thank you, Mr. Chairman.

What I would like to do is go through the opening part of my statement, and leave the detailed section-by-section part just for the record, and I will be happy to answer questions. My name is Kenneth Young. I am associate director of legislation for the AFL–CIO. With me are Mark Roberts, AFL–CIO economist, and Robert McGlotten, AFL–CIO legislative representative. I am here today to present the views of the AFL–CIO on the administration's proposals for amendments to CETA, the Comprehensive Employment and Training Act.

Let me say at the outset that we have had a copy of this bill for less than a week. We would like to give the bill more study and get more comments from our affiliated unions. Therefore, I respectfully request that we be given the opportunity to file a supplementary statement at a later date.

The AFL–CIO recognizes the overriding importance of general job-creating economic policies to create a healthy economic environment in which employment and training programs can function effectively.

Senator NELSON. How soon can you have your supplementary statement ready? I think the record will be closed about the 20th of March.

Mr. YOUNG. We will have it in way before that.

For this reason, the AFL–CIO Executive Council has just called for a $30 billion general economic stimulus package which includes a

$4 billion expansion of the CETA public service employment program to raise the total of PSE job slots by 400,000 from 725,000 to 1.1 million in fiscal 1979.

The AFL–CIO Executive Council warned that this expansion of PSE must be accomplished without substituting public service employees for regular public or private workers, and without undermining or injuring job standards.

I respectfully request that this AFL–CIO Council statement of February 20 on the national economy and its attached background report be included in the record at the conclusion of my remarks.

As you know, the AFL–CIO supported enactment of the Comprehensive Employment and Training Act of 1973 and the legislation which led up to CETA—the Manpower Development and Training Act and the Emergency Employment Act of 1971. And also, as you know, we support the Humphrey-Hawkins full employment legislation to help move this Nation closer to its full economic potential. We are proud of the AFL–CIO record on manpower, employment and training legislation.

Jobs are the key to a healthy economy. Full employment is the basic prerequisite for an effective and comprehensive national manpower policy. Full employment has always been a top priority goal of organized labor. We define full employment as a job at a decent wage for every American who is able to work, and who is looking for work.

Unfortunately, the American economy too often—and still—falls far short of full employment. In spite of improvement last year, the Nation is still experiencing persistently high levels of unemployment. No matter how you define the unemployment problem—whether in terms of structural unemployment, in terms of cyclical unemployment, or in terms of some combination of these—there are 6 million Americans officially out of work, and by the AFL–CIO measure of unemployment—including discouraged workers who have stopped looking for nonexistent jobs, and involuntary part-time workers who cannot find full-time jobs—there are 9 million Americans who do not have the income and dignity and self-supporting status that come from a full-time job.

It is in the context of this Nation's persistent, high unemployment that we look at the Carter administration's proposed 1978 CETA amendments.

We share the administration's concern about structural unemployment—the kind of unemployment that stems from inadequate education, lack of work skills, and work experience, economic disadvantage, discrimination, and so on. These are the problems of people who have trouble getting a job even in good times.

We are also very much concerned about cyclical unemployment—the kind of unemployment that results from the ups and downs of the economy, from job destroying recessions and from inadequate growth. Cyclically unemployed workers generally hold regular jobs in good times, but they are layoff victims when the economy turns down or remains stagnant.

Senator NELSON. In the AFL–CIO recommendation of increasing public service jobs by 400,000, are you recommending that this be addressed to structural unemployment, or cyclical, or both? If so, what proportions?

Mr. YOUNG. No, Mr. Chairman. We, as you can see in our testimony, agree to putting in a trigger on title VI. We are suggesting that title VI basically be looked upon as a cyclical program, and the new title II basically be a structural program.

As unemployment comes down, we would like to see it shifting more and more to structural unemployment. As the numbers decrease by the triggering mechanism, you would increase the numbers in the structural programs, and our feeling would be, given the present unemployment rate, the increase will keep the present level of title VI, and put more emphasis into the structural part now.

Senator NELSON. Did you hear Professor Wiseman's testimony on that point?

Mr. YOUNG. No; I did not, Mr. Chairman.

Senator NELSON. If I understood him correctly he did not approve of using a trigger. He stated that if unemployment is going to go down, and the economy expand, then we ought to be addressing ourselves more specifically, more vigorously to the structural unemployment problem

My own view is that is what we ought to be doing. He raises a question in his statement which also concerns me. It is pretty hard to fine tune an automatic mechanism based upon some level of unemployment which is based upon some standard statistical information for a metropolitan area.

Mr. YOUNG. I think that is true. I guess our basic feeling, Mr. Chairman, there are two problems. One is structural, one is cyclical. We are not trying to say that cyclical has to be addressed first.

What we are saying, while you have areas of persistent cyclical unemployment, it is extremely difficult to find jobs for the structurally unemployed. We agree that a substantial number of jobs are in the private sector. A private sector employer will not hire structurally unemployed persons when there is a pool of people with experience, or some background, that makes that person more potentially valuable to that private sector employer.

We think there have to be special programs for the structural worker, and see a heavy emphasis on the problems of structural unemployment. In many areas, this means you also have to seriously address the cyclical problem.

Senator NELSON. I think there are lots of low, entry level jobs in the private sector that are available, if you can persuade the employer to take on a person from the program. There are quite a few of them out there.

If your argument is correct, and there is obviously some merit to it, it is just as difficult to place somebody with a work record in a very low level entry job if that person has a skill. The field of public service is one place where we can address ourselves and absorb some fair share of the responsibility for getting a structurally unemployed person into a work program of some kind in the public service field.

That is the most difficult problem. It seems to me, we ought to be emphasizing the public service field to deal with the question of structural unemployment.

Mr. YOUNG. I think we are in agreement with that, Mr. Chairman.

We are convinced, as you know, and fought for many years in terms of public service employment. We have no argument with that.

We see that as one way of getting structurally unemployed into the labor force and then, hopefully, moving forward.

Maybe I should get to our eight points on page 3 of our testimony.

Before I turn to a more detailed examination of the administration's proposal, I would like to make a few general points.

First: The AFL–CIO would like to see increased attention and emphasis given to on-the-job training and upgrading efforts. OJT has proved itself as an effective method of getting people into permanent, private sector jobs. We agree with Senator Javits' misgivings about the administration's "private sector initiative" proposal, and we would agree with his suggestion that the $400 million PSIP budget request would be better spent if earmarked for private sector OJT.

Upgrading programs likewise serve a useful purpose in moving lower-level, lower-paid workers up into permanent, private sector higher-skill, higher-pay jobs, and at the same time opening up entry level jobs which can be filled by low-skill, economically-disadvantaged workers.

Second: We have always said that CETA PSE jobs should be additional jobs and not substitute jobs that replace or displace workers already on public or private nonprofit payrolls. We have consistently opposed "substitution" of regular workers by CETA-funded workers. We welcome the recent Brookings report by Richard Nathan and his associates which shows that displacement has been no more than 20 percent. The report notes that title II and title VI "sustainment" slots had a displacement rate of only 21 percent, and the more recent title VI "project" slots had an even lower displacement rate of only 8 percent. We think this is progress.

Third: The emphasis on the "transitional" character of public service employment must be tempered and modified to recognize that jobs simply may not exist in the private or public sectors at the end of the public service employment road. Whatever the nature of the PSE job—whether "project" or "sustainment"—there should be flexibility and discretion for the Secretary of Labor to prevent layoffs of PSE workers when there are no permanent jobs available.

Fourth: We believe more Federal direction, investigation and enforcement is essential in the operation of the prime sponsor system of CETA administration. We believe the law as written is basically sound, but those abuses that get public attention give the whole program a bad public image. It is important, therefore, that the Labor Department's Employment and Training Administration improve and expand on-site investigation to make sure that the purposes and guidelines set by Congress are being followed.

Fifth: We have no basic disagreement with the idea set forth in section 311(f) for experimental-demonstration job programs for welfare recipients, but we insist that these programs must conform to the same wage and labor standards and antisubstitution, antidisplacement requirements that govern all CETA PSE programs.

Sixth: The AFL–CIO is deeply concerned with the need to protect basic labor standards. We oppose using CETA jobs or youth jobs or welfare jobs to undercut the hard-won wages and working conditions of regularly employed workers.

Seventh: We propose that title VI, the title aimed at dealing with cyclical unemployment, be tied to a triggering mechanism starting

from a higher base and a lower unemployment rate than that suggested by the administration. We urge that the base be $3 billion, approximately 300,000 jobs, without regard to the unemployment rate, with an additional $1 billion, about 100,000 jobs, added for each one-half of 1 percentage point that the national unemployment rate exceeds 4 percent.

In this connection, we wish to point out that even when the national unemployment rate is 4 percent, or below, there will still be areas of excessively high unemployment in the Nation, and these areas will continue to need the kind of assistance available under title VI.

Eighth: We believe the title VII private sector initiative program should be revised and turned into a national pilot program to be tested in no more than 20 or 25 major metropolitan areas selected by the Secretary of Labor on the basis of program proposals. We believe the most constructive role for such a program is to promote OJT with local joint labor-industry OJT boards or councils to review and approve or reject on a case-by-case basis proposed OJT arrangements.

Mr. Chairman, I would like to turn to page 12, if I could. This is at the conclusion of going through the various sections of the administration's proposal.

While we have been critical of some of the administration's proposals, the AFL–CIO wants to make it clear that it continues to support CETA as the Nation's major national manpower program.

When CETA was first enacted, it was considered by many to be a manpower revenue sharing program. By definition this has resulted in abuses and in enforcement difficulties. The AFL–CIO agrees that the time has come to strengthen CETA, and to eliminate—so far as possible—misuse of the law. We believe that our proposals, as well as many of the administration's suggestions, will help transform CETA into a better and more effective piece of legislation.

We look forward to working closely with this committee in carrying out this important task.

Thank you, Mr. Chairman.

Senator NELSON. I assume that, on page 10, when you are referring to the triggering mechanism of $3 billion, which would provide funds for about 300,000 jobs, then at that level of unemployment, we would be talking mostly about expenditures for structurally unemployed, is that correct?

Mr. YOUNG. Correct.

Senator NELSON. So you recognize, as have some other witnesses, that no matter how low the unemployment rate is, there is still an important problem involving the structurally unemployed, and that there ought to be a continuing program, no matter how well off the rest of the economy is.

Mr. YOUNG. Absolutely.

Senator NELSON. Thank you very much, Mr. Young.

[The prepared statements of Mr. Young and the AFL–CIO executive council follow:]

STATEMENT BY KENNETH YOUNG, ASSOCIATE DIRECTOR OF LEGISLATION
AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS
TO THE SENATE HUMAN RESOURCES SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR ON S. 2570, THE COMPREHENSIVE EMPLOYMENT AND
TRAINING AMENDMENTS OF 1978

March 1, 1978

Mr. Chairman, my name is Kenneth Young. I am Associate Director of Legislation for the AFL-CIO. With me are Mark Roberts, AFL-CIO economist, and Robert McGlotten, AFL-CIO legislative representative. I am here today to present the views of the AFL-CIO on the Administration's proposals for amendments to CETA, the Comprehensive Employment and Training Act.

Let me say at the outset that we have had a copy of this bill for less than a week. We would like to give the bill more study and get more comments from our affiliated unions. Therefore, I respectfully request that we be given the opportunity to file a supplementary statement at a later date.

The AFL-CIO recognizes the overriding importance of general job-creating economic policies to create a healthy economic environment in which employment and training programs can function effectively.

For this reason, the AFL-CIO Executive Council has just called for a $30 billion general economic stimulus package which includes a $4 billion expansion of the CETA Public Service Employment program to raise the total of PSE job slots by 400,000 from 725,000 to 1.1 million in fiscal 1979.

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It is in the context of this nation's persistent, high unemployment that we look at the Carter Administration's proposed 1978 CETA amendments.

We share the Administration's concern about structural unemployment -- the kind of unemployment that stems from inadequate education, lack of work skills and work experience, economic disadvantage, discrimination, and so on. These are the problems of people who have trouble getting a job even in good times.

We are also very much concerned about cyclical unemployment -- the kind of unemployment that results from the ups and downs of the economy, from job-destroying recessions and from inadequate growth. Cyclically unemployed workers generally hold regular jobs in good times but they are lay-off victims when the economy turns down or remains stagnant.

We believe -- and we hope it is obvious to the Congress -- that both structural and cyclical unemployment are serious problems; that these problems are difficult if not impossible to disentangle from each other; and that it is impossible to bring down structural unemployment when the nation is experiencing high cyclical joblessness. If regular, experienced workers are looking for jobs, it is highly unlikely that the private sector will seek economically disadvantaged workers who lack skills and work experience.

Therefore, while we give continued support to efforts to deal with both structural and cyclical unemployment, we are concerned about the shift in emphasis

that we see in the Administration's proposed CETA amendments -- a shift to an apparently exclusive emphasis on the unemployment problems of the structurally unemployed.

We recognize a legitimate, proper, and desirable concern for allocating scarce resources to those who are most needy, but we also recognize a need for a truly comprehensive employment policy to deal effectively with the persistent problems and needs of the regular workers whose unemployment problems are no less serious simply because their unemployment has been defined as "cyclical."

We do not say that the needs of the cyclically unemployed regular workers should have exclusive attention or that the needs of these workers should take precedence over the needs of the structurally unemployed and economically disadvantaged workers. We are, however, urging a better balance in CETA legislation and in the administration of CETA.

With these points in mind, we believe CETA should be continued and improved and strengthened.

Before I turn to a more detailed examination of the Administration's proposal, I would like to make a few general points.

First the AFL-CIO would like to see increased attention and emphasis given to on-the-job training and upgrading efforts. OJT has proved itself as an effective method of getting people into permanent, private sector jobs. We agree with Senator Javits' misgivings about the Administration's "private sector initiative" proposal and we agree with his suggestion that the $460 million PSIP budget request would be better spent if earmarked for private sector OJT.

Upgrading programs likewise serve a useful purpose in moving lower-level, lower-paid workers up into permanent, private sector higher-skill, higher-pay jobs, and at the same time opening up entry-level jobs which can be filled by low-skill, economically disadvantaged workers.

Second, we have always said that CETA-PSE jobs should be additional jobs and not substitute jobs that replace or displace workers already on public or private non-profit payrolls. We have consistently opposed "substitution" of regular workers by CETA-funded workers. We welcome the recent Brookings report by Richard Nathan and his associates which shows that displacement has been no more than 20 percent. The report notes that Title II and Title VI "sustainment" slots had a displacement rate of only 21 percent and the more recent Title VI "project" slots had an even lower displacement rate of only 8 percent.

This is progress.

Third, the emphasis on the "transitional" character of public service employment must be tempered and modified to recognize that jobs simply may not exist in the private or public sectors at the end of the public service employment road. Whatever the nature of the PSE job - whether "project" or "sustainment" - there should be flexibility and discretion for the Secretary of Labor to prevent lay-offs of PSE workers when there are no permanent jobs available.

Fourth, we believe more federal direction, investigation and enforcement is essential in the operations of the prime sponsor system of CETA administration. We believe the law as written is basically sound but those abuses that get public attention give the whole program a bad public image. It is important therefore that the Labor Department's Employment and Training Administration improve and expand on-site investigation to make sure that the purposes and guidelines set by Congress are being followed.

Fifth, we have no basic disagreement with the idea set forth in Section 311(f) for experimental-demonstration job programs for welfare recipients, but we insist that these programs must conform to the same wage and labor standards and anti-substitution, anti-displacement requirements that govern all CETA-PSE programs.

Sixth, the AFL-CIO is deeply concerned with the need to protect basic labor standards. We oppose using CETA jobs or youth jobs or welfare jobs to undercut the hard-won wages and working conditions of regularly employed workers.

Seventh, we propose that Title VI - the title aimed at dealing with cyclical unemployment - be tied to a triggering mechanism starting from a higher base and a lower unemployment rate than that suggested by the Administration. We urge that the base be $3 billion - approximately 300,000 jobs - without regard to the unemployment rate - with an additional $1 billion - about 100,000 jobs - added for each one-half of one percentage point that the national unemployment rate exceeds 4 percent.

In this connection, we wish to point out that even when the national unemployment rate is 4 percent or below, there will still be areas of excessively high unemployment in the nation and these areas will continue to need the kind of assistance available under Title VI.

Eighth, we believe the Title VII Private Sector Initiative Program should be revised and turned into a national pilot program to be tested in no more than 20 or 25 major metropolitan areas selected by the Secretary of Labor on the basis of program proposals. We believe the most constructive role for such a program is to promote OJT with local joint labor-industry OJT boards or councils to review and approve or reject on a case-by-case basis proposed OJT arrangements.

Mr. Chairman, I now turn to our more detailed comments on the Administration's 1978 CETA amendments proposals.

We find the Act's statement of purpose, Section 2, is too narrow. We urge your committee to insert the word "and" between the words "economically disadvantaged" and the words "unemployed or underemployed persons" to make it clear that this legislation is truly "comprehensive."

In Section 103(b)(1)(E), the role of the prime sponsor planning council should be expanded to emphasize the need and the obligation for the prime sponsor to utilize the planning council's recommendations. Unfortunately, too often the recommendations carefully prepared and documented by a planning council are totally ignored by a prime sponsor. This is just plain wrong. If planning councils make serious recommendations, these recommendations should get serious attention and utilization by the prime sponsors. In Section 104(c), the words "and the prime sponsor advisory council" should be added in the first sentence after "the recommendations made by the Governor and the State Employment and Training Council," to give a more significant role to prime sponsor planning councils.

We congratulate the Administration for including Section 106 which requires prime sponsors to set up a grievance and complaints procedure. Our experience with CETA indicates that most problems involve the administration and enforcement of the law, rather than problems with the law itself. In some areas, programs have worked well with good administration and good enforcement. In other areas, programs have worked badly with bad administration and bad enforcement. We believe Section 106 will bring abuses more promptly to the attention of the Labor Department and will bring more prompt corrective action.

We recommend that Section 106(c)(4) be amended to include "a pattern or practice of substitution" as a justification for termination of prime sponsor funds.

We also recommend that a 30-day time limit be placed in Section 106(a) to prevent the grievance-complaint-sanction procedure from dragging out to excessive length.

In Section 109, which deals with the prime sponsor planning councils, we recommend that subparagraph (b) be amended by inserting the word "organized" before the word "labor." This would be consistent with the requirement of Section 110(a)(3)(A) that "organized labor" representatives serve on the State employment and training councils. This may seem like a small point, but we have had unfortunate experience with some prime sponsors who have appointed so-called "labor" representatives to prime sponsor planning councils when these so-called "labor representatives" represented no organization and indeed represented no one but themselves.

We support the provision for forward funding as set forth in Section 112 (c)(1). This will make possible more intelligent advance planning by the Labor Department and by the prime sponsors.

In Section 121(b)(3), we urge that this paragraph requiring that "No program shall impair existing contracts for services" be enlarged to state explicitly "or collective bargaining agreements." Further, we think the existing CETA language in Section 328(b) is far better but even this language can be strengthened to make sure that non-profit organizations don't perform contracts normally performed by public sector workers and also that non-profit organizations don't perform contracts normally performed by private, for-profit employers. It makes no sense to encourage substitution which simply reshuffles work from one employer to another. We believe language along the lines of the current CETA Section 328(b) would help to solve this "substitution" problem.

We are concerned that Section 121, which lists conditions applicable to all programs, does not contain all the requirements and protections which are in Section 122, which deals with special conditions applicable only to public service employment. Specifically, the following paragraphs, now in Section 122, should be included in Section 121:

(d) No person to be hired when workers are on lay-off.

(e) No infringement on promotion opportunities.

(f) No substitution.

(h) Record-keeping.

(i) Equal treatment in benefits and working conditions.

Since all CETA programs are financed with federal money, these programs should be subject to the same requirements.

In Section 122(b) we are concerned about the residency requirement. We agree that public services should benefit the residents of an area. A problem has emerged for unemployed members of our performing arts unions in Los Angeles and, we believe, in other major metropolitan areas where unemployed artists serving a community live close to but outside the local prime sponsor area. In some cases, public services are not available from residents of the local prime sponsor area. Perhaps CETA could provide for exchange arrangements or agreements between prime sponsors. In any case, we believe there is a problem here which this Subcommittee should explore.

In Section 122(i) we are concerned about PSE limitations which push people off CETA funds, although we recognize the authority for temporary extensions.

To give prime sponsors some degree of certainty in planning, we recommend that subparagraph (4) of Section 122(i) be amended to state that an area of substantial unemployment -- as defined in Section 126(12) -- be exempted from requirements of subparagraph (2). This would prevent CETA workers from being thrown out on the street to look for a job in an area of already high unemployment.

In Section 122(j)(2) we recommend that existing CETA language on wages be retained with recognition that it will be amended if Congress enacts welfare reform legislation. The welfare reform jobs section will address this issue and we

suggest that, when enacted, welfare reform legislation can include appropriate CETA amendments.

In Section 123(c), which refers to weatherization projects, we strongly urge including language similar to that in the existing CETA Sections 334 and 335 covering "appropriate supervisory personnel" and giving "assurances that there will be an adequate number of supervisory personnel on the project and that the supervisory personnel are adequately trained in skills needed to carry out the project and can instruct participating eligible youths in skills needed to carry out the project." Such language now appears in the youth community improvement sections, 428 and 429(b)(3), of this Administration bill, S. 2570. Needless to say, we are concerned that weatherization and other projects financed by CETA not be used to displace job opportunities for regular workers.

Section 124(b), which deals with wages, should be amended with an addition: "or (4) applicable wages under collective bargaining agreements." This would give recognition to appropriate wage rates where labor-management agreements exist.

Section 124(c) deals with compensation for persons in OJT. We strongly urge that the words "skill requirements" be inserted between the words "geographical region" and the words "and individual proficiency." Skill requirements are objective criteria set forth in the Dictionary of Occupational Titles of the Department of Labor.

Section 211(7) deals with payments to for-profit employers. We strongly oppose and we strongly urge deletion of the words "and the costs of lower productivity." We have no objection to reimbursement to employers for the extra, abnormal costs of recruiting, hiring, training, and supportive services for disadvantaged workers. These are costs the employer normally does not incur. But every employer incurs extra costs for new workers who are usually less productive before they get formal or informal on-the-job training. Adding reimbursement for lower productivity would be a federal expenditure that would be meaningless in terms of entry-level jobs.

We note that Section 434(b) limits payments to for-profit employers in line with Section 211(7). We again urge deletion of the language about "costs of lower productivity."

We strongly support Section 221 on upgrading and retraining. These programs serve a double purpose in upgrading the skills of the established work force and in opening up entry-level jobs for low-skill and disadvantaged workers. Subsection (c) requiring concurrence of the appropriate labor organization will make upgrading and retraining programs function more effectively.

However, we are concerned about the 5 percent limitation on prime sponsor upgrading and retraining programs as set forth in Section 203(b). We believe this limitation should be raised to 15 percent and that this 15 percent limitation should be open for possible waiver by the Secretary of Labor if a prime sponsor demonstrates an interest and a need for a larger share.

We note and support the Administration position that eligibility for upgrading and retraining is not restricted to unemployed and underemployed economically disadvantaged persons.

We support Section 305 job search and relocation assistance, but we urge that language be added to make clear that the relocation decision by an unemployed individual must be entirely voluntary.

We strongly oppose Section 311(d) which would authorize vouchers for unemployed or underemployed economically disadvantaged persons to give to private employers for jobs or training. Such a voucher system is inevitably open to serious abuse and extremely difficult enforcement. It is contrary to the letter and the spirit of Section 311(b) which prohibits testing of subsidized or subminimum wages. We therefore urge deletion of the voucher proposal.

Section 311(f) proposes experimental-demonstration job programs for welfare recipients. We have no basic objection to this proposal but we insist that these programs conform to the same wage and labor standards and anti-substitution, anti-displacement requirements that govern all CETA programs. The AFL-CIO is convinced that the welfare jobs section must contain explicit language incorporating by reference the wage protection language of Section 124(b) and the benefit protection language of Section 122(1). Any regulations issued by the Secretary of Labor dealing with the welfare jobs must be consistent with these requirements.

We strongly oppose Section 413(2) of the bill. As we read this section, it aims at amending Section 18(a) of the Fair Labor Standards Act. Section 18(a) clearly states, in pertinent part, that "No provision of this Act or of any order thereunder shall excuse noncompliance with any Federal or State law or municipal ordinance establishing a minimum wage higher than the minimum wage established under this Act or a maximum workweek lower than the maximum workweek established under this Act, and no provision of this Act relating to the employment of child labor shall justify noncompliance with any Federal or State law or municipal ordinance establishing a higher standard than the standard established under this Act ..."

Section 413(2) is little more than a back-door attempt to by-pass the minimum standards established by the FLSA. The Courts have repeatedly endorsed the position of the Department of Labor that whenever the provisions of a state law differ from the FLSA, the law providing more protection or a higher standard applies.

This special exception for 14 and 15-year-olds should be deleted. In our view this is discrimination solely on the basis of age.

Title VI consolidates public service employment with a counter-cyclical trigger for job-creating funds. We look at this title as the key part of the CETA attack on cyclical unemployment. As proposed by the Administration, in the three fiscal years after 1979 there would be a basic $1 billion a year for prime sponsors areas containing areas of substantial unemployment with additional $1 billion increments for every additional one-half of one percentage point over 4.75 percent national unemployment.

While we support a triggering mechanism, the AFL-CIO strongly disagrees with the Administration formula. We suggest that Section 602 start the triggering mechanism from a higher base -- $3 billion, which would provide funds for about 300,000 jobs -- and from a lower unemployment rate, specifically 4.0 percent. The result of the change we propose would be a permanent base of 300,000 PSE jobs with an additional 100,000 PSE jobs triggered into existence as additional $1 billion increments are available for every one-half of one percentage point unemployment over 4.0 percent national unemployment.

We believe that the proposal we are making for a formula change in Title VI is consistent with the Humphrey-Hawkins goal of 4 percent unemployment in 1983. With such improvement in the nation's attack

on cyclical unemployment, the nation's attack on structural unemployment will be considerably strengthened. In addition as national unemployment goes down, the reliance on cyclical PE will continue to decrease.

Under present law, 300,000 PSE workers out of the projected 725,000 in fiscal 1979 can be working on public services, as distinct from projects. We are concerned, therefore, that Section 605(a) specify that PSE funds shall be utilized for "projects and other public services as defined in Section 126(6)." We want explicit recognition that Section 605 covers both projects and public services.

We are also concerned about the flat 12-month limit on projects. We understand the intention of the time limit but we urge that Section 605(a) include language authorizing the Secretary of Labor to waive the time limit if circumstances warrant such waiver. We don't want Title VI project workers laid off and turned out into the street to look for non-existent jobs -- particularly when the work they have been doing and the project on which they have been working can justifiably be continued with benefit to the local community.

Eligibility for Title VI positions must be broadened if this title is to serve a true counter-cyclical purpose. We strongly urge that Section 607 be amended to read as follows: "An individual eligible to be employed in a position supported under this title shall be a person who has been unemployed for at least five weeks, with special consideration for those most in need, as determined by length of unemployment, family income, and prospects for finding employment without assistance under this title." This is consistent with Section 122(c)(1) of the Administration bill.

We understand the need for some limit on wage supplementation. At this time we are not sure whether the best approach is some percentage limitation on the prime sponsor's allocation as set forth in Section 608 or whether there should be a limit on the number of jobs which the prime sponsor can supplement. We would like to give this Subcommittee a memo on this issue in the near future.

However, we do object, however, to the word "nonprofessional" in Section 608. All too often, the word "professional" is impossible to define. We urge the Subcommittee to strike out the word "nonprofessional" in Section 608 and to incorporate, instead, language from existing CETA Section 205(c)(22) calling for "assurances that not more than one-third of the participants in the program will be employed in a bona fide professional capacity (as such term is used in section 13(a)(1) of the

Fair Labor Standards Act of 1938), except that this paragraph shall not be applicable in the case of participants employed as classroom teachers, and the Secretary may waive this limitation in exceptional circumstances."

We strongly oppose the present form of the Title VII Private Sector Initiative Program. We believe this should be a limited national pilot program to be tested in no more than 20 or 25 major metropolitan areas selected by the Secretary of Labor on the basis of program proposals. We believe the most constructive role for such a pilot program is to promote On-the-job Training with equal-representation, local labor-industry OJT boards or councils to review and approve or reject on a case-by-case basis proposed arrangements.

The national pilot program operating under the discretion of the Secretary of Labor would be much more flexible and responsive to the need for experiment and demonstration and eventual expansion of the program if it works well. The PSIP national pilot program, should, of course, be co-ordinated with prime sponsor area planning and operations.

As a general principle, we oppose tax incentives for employers to hire additional workers. There are two reasons for this. One is that tax incentives reward employers with a tax loophole for doing what they would do anyway. The real incentive for increasing an employer's work force is a growing market for his product with a decent profit. That means more jobs and more consumer purchasing power. A second reason is that there is no evidence that employment tax incentives have produced additional jobs. Until such tax incentives are repealed, however, we have no strong objection to Section 706(8) which would encourage private for-profit employers to target their hiring.

Whatever disposition is made by Congress of the Administration's Private Sector Initiative Program, it is essential that the wage and labor standards and protections and anti-displacement requirements and other requirements of Section 121, amended as we have proposed, be applied to the final version of PSIP.

While we have been critical of some of the Administration's proposals, the AFL-CIO wants to make it clear that it continues to support CETA as the nation's major national manpower program.

When CETA was first enacted, it was considered by many to be a manpower revenue sharing program. By definition this has resulted in abuses and in enforcement difficulties. The AFL-CIO agrees that the time has come to strengthen CETA and to eliminate -- so far as possible -- misuse of the law. We believe that our proposals, as well as many of the Administration's suggestions, will help transform CETA into a better and more effective piece of legislation.

We look forward to working closely with this Committee in carrying out this important task.

Thank you, Mr. Chairman.

Statement by the AFL-CIO Executive Council

on

National Economy

February 20, 1978
Bal Harbour, Fla.

America needs jobs -- 4 million new jobs a year for the next four years to provide work for those currently unemployed and for those who will be joining the workforce.

The 4.1 million jobs created in 1977 -- while a significant improvement over past years -- are but a downpayment toward the goal of full employment and a balanced economy.

This improvement was the direct result of the expansion of public works and public service jobs programs initiated by the Carter Administration. However, because of the continuing growth in the labor force, existing programs must be expanded further to prevent a stagnating unemployment rate.

To put people back to work, the Congress must enact a balanced economic stimulus program for fiscal year 1979 -- including individual tax cuts and specific targeted programs that will put people into jobs and, at the same time, meet the problems of certain areas of the country with high unemployment.

Reducing unemployment is also the key to fighting inflation; indeed, unemployment is one of the chief causes of inflation. Unemployed workers are not producing goods or services. When workers are jobless, they cannot afford to purchase durable consumer goods, which are an essential element of the economy.

Lower corporate tax rates will not stimulate business as long as large portions of industrial capacity go unused, as is the case today. Business expansion in older urban areas depends on enhancing the quality of city services and facilities, not on tax cuts for corporations. What American business needs is customers -- new customers who must come from the ranks of today's unemployed.

The overall expansion of the economy last year was spurred by the recovery in housing construction and automobiles from the depths of the recession. However, these sectors are not likely to provide further impetus in 1978 unless interest rates are lowered, which would lessen the costs to consumers and builders of new housing and other durable goods.

Job-Creating Programs

The Congress should expand existing programs and current presidential budget requests to directly create nearly one million additional new jobs:

national economy

Program	Direct Jobs Created	Additional Budget Authority
I. Public Works		
• Remedying major deficiencies in public facilities in older cities with high unemployment, such as water systems, bridges and highways	80,000	$2.0 billion
• "Soft" public works projects targeted at maintaining and improving public facilities in low-income areas	40,000	$1.0 billion
II. Public Service Jobs		
• Expanding the public service employment program to provide a total of 1.1 million job slots in fiscal 1979, while providing adequate protections for existing standards for both public and private employees	400,000	$4.0 billion
III. Youth		
• Expanding youth job-training slots to more than 300,000 and increasing the Summer Youth Program	200,000	$1.0 billion
IV. Mass Transit and Railroads		
• Additional funds for urban mass transit, railroad revitalization and rehabilitation, including the Northeast corridor and other transportation improvements.	80,000	$2.0 billion
V. Tandem Plan Housing		
• Low-interest funds for low and moderate-income housing	80,000	$2.0 billion
VI. Urban Development Bank		
• Guaranteed loans to cities and to enterprises which locate, remain or expand in urban areas with high unemployment	70,000	$1.25 billion
Total	950,000	$ 13.25 billion

national economy

The additional budget authority required for this program -- $13.25 billion -- would double the Administration's job-creation package at a net cost of less than 3 percent of the budget. However, not all of the funds would be expended in fiscal 1979, since not all the projects could be completed in the fiscal year. Thus the stimulative effect would carry over beyond fiscal 1979. At the same time, a reduction in unemployment by one percent more than sought by the Administration would be further offset by increased tax revenues and lower costs for social programs designed to help the unemployed.

Public works and public service jobs programs must protect the job standards and job rights of both present public and private sector employees.

In addition to the nearly one million direct jobs created by these programs, an estimated one million more jobs would be created indirectly through increased sales and services, with concomitant increases in tax revenues and reduction in costs for social programs.

Tax Cuts

The heart of the President's economic stimulus program is an individual tax cut. We support the basic thrust of the Administration's individual rate cut proposal and the substitution of a single personal credit. However, we believe the rate cuts should not be extended to those in high-income brackets.

This proposal, along with targeted employment programs, would provide a boost to consumer spending power. We do not believe, however, that the proposed business tax rate reductions are justified in view of the heavier tax burden currently borne by individuals.

This Council will also address the specifics of the President's tax proposals in a separate statement.

Social Security Tax Reduction

In order to reduce the burden of scheduled Social Security tax rate increases, the tax rate should be rolled back to 5.85 percent in 1979 -- and maintained at that level for the future. This reduction from the current rate of 6.05 percent and the scheduled increase to 6.13 percent next year would be financed by a general revenue fund contribution to the Social Security Trust Fund. This would reduce taxes on employers by $2.6 billion, on employees by $2.5 billion and on the self-employed by $.3 billion.

This reduction of $5.4 billion in 1979 would provide an added stimulus to consumer buying power and begin the long-overdue process of shifting some of the Social Security tax burden to the more progressive general revenue tax base. For business, the reduction in the Social Security tax rate is more desirable than making the investment tax credit permanent since all businesses would benefit from a reduced Social Security tax rate. The benefits would flow to those who employ labor, rather than to those who substitute new equipment for labor.

Inflation

While this nation will never overcome its inflation problems with 8.8 million unemployed workers, we believe that progress must be made in reducing the rate of inflation. That progress will be made only if policies and programs are designed to meet the root causes of inflation.

For example, the President's Economic Report failed to contain a single reference to high interest rates, which add to the costs of everything from a loaf of bread to servicing the national debt. High interest rates are threatening once again to cause another slowdown in housing construction, which will be followed by a shortage and by higher purchase and rental prices. High interest rates contribute substantially to the problems of America's family farmers.

Yet the Administration's anti-inflation program focuses on workers' paychecks. Wage increases, however, were not the cause of the inflation of the past five years, and wage increases now are barely keeping pace with price increases -- which are led by health care, interest rates, housing, food and fuel.

Indeed, wage increases reflect, on a delayed basis, already established increases in the cost of living. In fact, wage increases have been decreasing in recent years.

While the AFL-CIO and its affiliates are willing to respond to Administration requests to meet informally to discuss topics of mutual interest, we reject any supposition that those meetings can or should seek to define the terms and results of collective bargaining. We are concerned that the Administration proposal of a two-year average base period for "deceleration" leads down the path to guidelines and more controls -- a path the President has publicly, and wisely, rejected. The AFL-CIO reiterates its opposition to controls or guidelines in any form or disguise.

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The necessary growth and stimulus for the economy which we propose must be accompanied by specific policies to reverse the staggering trade deficit. Unregulated imports, foreign dumping, the wholesale transfer of U.S. technology abroad, and continuing U.S. investment in overseas operations deprive the American economy of jobs and investment capital and disrupt efforts to rebuild the American economy. They must be effectively dealt with through swift Congressional and Administration actions.

We welcome the President's endorsement of the Humphrey-Hawkins bill, which has been reported by the House Education and Labor Committee. While that legislation establishes the framework for coordinated government policies and programs to provide full employment, the Congress and the Administration should not have to wait for its enactment to begin to apply some of the principles of Humphrey-Hawkins.

For example, the Federal Reserve Board could begin immediately to reverse the policies of stagnation pursued by Dr. Arthur Burns and aid expansion of the economy. A policy of reducing interest rates would encourage new housing and business investment in plant and equipment. At the same time, lower interest rates would reduce inflationary pressures.

We call upon the Congress to enact a balanced approach to the nation's needs, including both individual income tax cuts and specific programs targeted to basic unemployment problems, housing needs and urban ills.

The economic stimulus package we propose, consists of: a tax reduction program totaling $10.9 billion; a Social Security tax cut totaling $5.4 billion, and job-creating programs totaling $13.25 billion, for total economic stimulus for Fiscal Year 1979 of $29.55 billion. This stimulus package should create two million additional jobs in Fiscal Year 1979.

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BACKGROUND REPORT

on the

NATIONAL ECONOMY

The American economy is still operating far below its potential. Millions of workers and their families continue to suffer hardship and tragedy as a result of job and income loss. Minorities and inner city residents have been especially hard hit, and public investment programs essential to the health and vitality of the nation continue to be shortchanged.

America is still producing at about $100 billion below potential, industry is operating at 83% of capacity and unemployment is high and persistent. Official Labor Department statistics show 6.2 million jobless men and women in January 1978. By the AFL-CIO measure -- which includes discouraged workers who have stopped looking for non-existent jobs and half of the involuntary part-time workers who want but can't find full-time jobs -- there were 8.8 million jobless men and women. The official unemployment rate was 6.3 percent. The AFL-CIO unemployment rate was 9.0%.

These figures do represent an improvement over the levels of the past three years, but the fact remains that the unemployment situation in early 1978 (the third year of so-called recovery from the depths of the 1974-75 recession) is still at recession levels.

Unemployment hits all age, race and sex groups. Teenagers' unemployment rate in January was 16%, and for black teenagers it was 38.7%. Black unemployment was 12.7%. Adult women experienced 6.1% rates of unemployment. While the unemployment rate for adult males was 4.7%, they constitute 40% of the total number of jobless workers -- and within that figure the rate for white adult males was 4.0% and black adult males was 9.8 percent.

There are 1.5 million jobless teenagers, 1.5 million jobless blacks, 2.2 million unemployed women and 2.5 million unemployed adult males.

Clearly that unemployment is a tragedy shared by all groups of Americans.

While there are more women, more youth, and more minority workers in the labor force today than in earlier periods that does not mean that full employment goals should be redefined or that higher levels

of unemployment are acceptable. Such proposals are an unconscionable downgrading of the basic human dignity and economic needs of women youth and minorities. And the policies that flow from such proposals ignore the fact that full employment -- without inflation -- can be achieved by balanced, healthy growth in the private sector supported by effective fiscal, monetary, public employment and training policies.

Despite the welcome and needed 4.1 million increase in employment during 1977, America still needs more jobs. The goods producing sectors are still in a depression. According to BLS statistics for the period December 1973 to December 1977, 493,000 jobs were lost in manufacturing, alone, reflecting a decline in many of the major manufacturing sectors, particularly steel, electrical equipment, transportation equipment and apparel.

The big job gains during the last four years were 2.4 million in the service industries, 1.4 million in state and local government, and 1.7 million in wholesale and retail trade. There were smaller job gains in mining, finance, insurance and real estate, and in the federal government.

While the number of jobs has increased, the increases have not been enough to make up for the job losses of the recession and the increase in the number of job seekers. As a result, unemployment continues at high levels, causing individual hardship, dampening purchasing power generally, straining government budgets, and depressing confidence in the economy by business as well as consumers.

The changing pattern of employment in America raises reasonable concern that job expansions limited to only certain sectors (service, wholesale-retail trade, and state-local governments) may limit the impact of employment increases on buying power and leave the economy with an unhealthy balance between goods producing sectors and services.

While joblessness is all too pervasive in the economy, exceptionally severe pockets of unemployment exist in the nation's inner-cities, aggravating even more the human tragedy and economic waste of unemployment. These urban distressed areas need investment -- public as well as private -- to meet the problems of unemployment, poverty, crime, and the deterioration and abandonment of private and public facilities.

Urban Decay

A national urban policy is needed to end the decline of the nation's cities. Urban decay is a national waste.

First and foremost, inner-city deterioration results in a waste of our most valuable national asset -- human resources. Unemployment rates in the poverty-ridden sections of metropolitan areas during

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the fourth quarter of 1977 reached a high of 12.8% overall, and 17.6%for minorities. And for teenagers, the problem continues in crisis proportions. During that same period, teenagers residing in the poverty-ridden sections of metropolitan areas experienced unemployment rates of 31.4% overall, and for minority teenagers the rate was 45.0%. High and persistent unemployment leads to high crime rates -- increased incidence of burglary, drug addiction and rape. In fact, across the country, inner-city youths are between 10 and 20 times more likely than other young people to be arrested for violent offenses. Moreover, these problems have a vicious cycle effect. They serve to further spur the flight of residents and businesses, which in turn contributes to the deterioration of cities, thereby worsening the plight of the inner-city.

Urban decay also results in a loss of product, tax revenue, personal income, savings and investment capital. There is also a waste of public and private physical facilities that are underused or abandoned.

A generation-to-generation cycle of unemployment and poverty is a legacy that this country cannot afford. An economic program that paves the way for increased economic growth, speedy attainment of full employment and specific programs to deal with the special unemployment problems of older urban areas, could go a long way toward eliminating the social and economic ills associated with urban decay.

Some of the problems are longstanding, with many long-run obstacles to overcome. Yet a strong federal commitment to full employment, backed by substantial increases in specific targeted grant-in-aid programs -- such as aid for new public facilities and the rehabilitation of older buildings, bridges and roads, increased public service employment and training, special youth training programs, new housing and rehabilitation of deteriorating housing, and improved metropolitan transportation-- could do away with some of the obstacles and increase central city employment. In addition, a federal urban bank should be created to provide special loans, grants and interest subsidies to private firms that would expand or locate in critically high areas of unemployment. Job training programs should be coupled with the new private investment programs to restore the efficiency and liveability of the urban environment.

The Federal Budget

The President's programs as spelled out in the budget for Fiscal Year 1979 recognize that the economy needs more stimulus, that personal income taxes need to be reduced to offset the increases in Social Security and energy taxes, and the higher effective tax rates that result from inflation. The budget does not add up to an adequate or appropriately balanced approach to the economic problems of the nation.

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The overall fiscal thrust of the budget is geared to merely maintaining a much too slow rate of growth and recovery from the deepest recession since the Great Depression. The budget relies almost exclusively on tax cuts as the means to accomplish the Administration's Fiscal Year 1979 economic goals and there are few new spending initiatives. This one-sided program does not address directly the nation's most pressing human needs. It only continues the Spring 1978 level of public service employment; it does not call for any new public works programs; it has no new urban initiative. The budget contains only $200 million in start-up funds for welfare reform and no funds for national health insurance. Spending increases above current policy levels are proposed for national defense, foreign aid, strategic petroleum reserves and energy conservation, and small increases (less than $1 billion) in education and employment and training programs. And subsequent to his budget the President recommended a much needed program of aid for college students.

The President's $500.2 billion spending package -- adjusted for inflation -- represents an increase of less than 2%, a total of only $6-8 billion in program outlays above current policy levels. The individual income tax cuts -- at $17 billion -- will do little more than offset some of the adverse effects on real purchasing power of other federal measures (the steep increase in payroll taxes and proposed energy taxes) and some of the automatic increases in federal taxes that result from economic growth and inflation. Last year we urged the Congress not to raise the Social Security tax rate but rather that general revenue funds be used to offset some of the Social Security costs.

According to the Administration's estimates, their programs, if enacted, will result in a slowdown in the rate of growth in real GNP to only 4.8% in 1979 and 1980. And unemployment, according to the Administration's forecasts based on their program, will average 5.9% in 1979 (5.8% by the final quarter of the year). Not until 1982 will the rate drop below 5%. This timetable is much too slow. The 5.9% target for 1979 (the fifth year of "recovery"), for example, is by any standard a recession level of unemployment. Only twice in the entire post-World War II period prior to 1975 has unemployment exceeded such levels.

We believe the economic growth that the Administration is proposing is too far below the nation's economic potential, and we believe the rate of reduction in unemployment is far too low.

Thus, a balanced approach must be undertaken for overall general economic stimulus and the special problems and needs of particular groups of workers and specific areas of the nation.

We feel an individual income tax cut that benefits primarily low- and middle-income people is appropriate and necessary in order to protect and bolster consumer purchasing power. However, such cuts are not a substitute for needed programs.

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Specifically, in terms of the Fiscal 1979 Budget, we urge:

I. Public Works

* a $2 billion federal aid program which could include remedying deficiencies in the public facilities of older cities with high unemployment. Such a program would serve several purposes. It would increase employment. It would increase the liveability of the city for residents. It would increase the potential for efficient operation of private enterprise in older cities, because such basic public facilities as water supply and sewage disposal systems, major roadways and bridges have to be in a serviceable condition to serve the needs of private enterprise.

A few examples of the types of projects are the West Side Highway in New York City, the sewage disposal system in Chicago and major bridges in Pittsburgh. Each of these undertakings is bigger than the type of project financed under the presently authorized accelerated public works programs and would be of significant benefit in terms of both economic stimulus and urban policy. Furthermore, most of the cities where such work has to be done do not have the resources to undertake such projects and will not have them in the foreseeable future.

* A $1 billion separately funded program of "soft" public works to help conserve energy and rehabilitate older public and private buildings. Eligible projects would be rehabilitation of vacant houses and apartment buildings and weatherization of houses and buildings in low-income areas.

Public works programs must contain adequate protections for job rights and jot standards.

II. Public Service Jobs

A $4 billion expansion of the Public Service Employment program to provide a total of 1.1 million job slots in fiscal 1979. In March 1978, as a result of the Economic Stimulus Act of 1977, public service job-creation under Title II and Title VI of the Comprehensive Employment and Training Act will reach a total of 725,000 -- up from 300,000 PSE job slots in existence early in 1977. This program has been a major element in placing long-term unemployed in jobs. The new emphasis of this program is to place the unemployed in new local government projects. This must be done without substituting public service employees for regular public or private employees, and without injury to job standards.

III. Youth

A combined increase of $1 billion for the Youth Employment and Demonstration Projects Act of 1977 and in the Summer Youth Program. Under this first program, some 200,000 jobs-and-training slots for

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young people have already been opened up at a cost of about $1 billion. Congress authorized another $500 million for youth programs in fiscal 1978, and if this additional money is made available the youth jobs-training slot level could rise to 300,000. Even that level needs to be expanded in 1979, in order to make any reasonable progress in solving youth unemployment problems.

The existing Summer Youth Program must be expanded as well, rather than curtailed as proposed in the budget for 1979.

IV. Mass Transit and Railroad

An additional $2 billion for urban mass transit, railroad revitalization and rehabilitation, and other job-creating, service-improving transportation programs, including improvement of transportation along the Northeast corridor. Such needed programs would create jobs, and at the same time improve transportation service connecting homes with workplaces, as well as conserve energy.

We recognize the existence of mass transit and railroad development programs under Administration proposals and under the Railroad Revitalization and Regulatory Reform of 1976, but we believe more funds are urgently needed. We also believe that more funds are needed for replacement and repair of dilapidated, deteriorating bridges for rural and urban roads.

V. Additional Tandem Plan Funds for Rental Housing

An additional $2 billion in authorization for the tandem plan financing program under which the government provides 7½% mortgage money to help finance new low- and moderate-income housing. Those funds would be used to facilitate construction of the Section 8 Assisted Rental Housing for Low-Income people, as well as tandem plan support for non-subsidized, non-luxury rental housing, which is in very short supply. Such supply shortages are a major factor in driving up housing prices and rents which in turn contribute to overall inflation.

There is a large pipeline of mortgage insurance project applications in HUD for non-subsidized, non-luxury rental housing projects. Many of those projects cannot be produced at marketable rents and will not be started because developers presently have to pay interest rates of 8½% plus ½% mortgage insurance and about four discount points in order to get the financing in the current market. To the extent that such housing began to pick up during the last year, it was primarily because 7½% tandem plan financing was available. In the absence of additional tandem plan support, rental housing starts, which totaled an estimated 400,000 units in 1977, will drop off. There is also expected to be a decline in single family home construction because the median price of a new home is up over $50,000 and interest rates are rising. It is essential, therefore, from both a housing needs and economic viewpoint that the additional tandem plan funding authorization be obtained and be utilized.

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VI. Urban Development Bank

A new $1¼ billion for an urban development bank to guarantee urban investment loans. The loans would be for the purpose of retaining or expanding employment in designated cities with high unemployment. In addition to the loan guarantee, the federal government would also provide an annual interest rate subsidy for a number of years to reduce the financing cost for facilities. Such a program could attract private industry development into the older cities which have been losing jobs. Properly planned projects, combined with employment and training programs to improve the skills of urban workers, could reduce unemployment. Since the major part of the program is based on loan guarantees, such a program would have a relatively small budget impact.

Tax Reductions

An individual income tax cut generally along the lines suggested by the Administration should be enacted -- providing for replacing the present $750 personal exemption with a flat dollar credit and reducing some individual income tax rates. These cuts are necessary to bolster consumer purchasing power. The President's proposal, however, includes some provisions for tax increases which will be examined by the Executive Council in another document.

Additional first year revenues of $.8 billion would result from the phasing out of DISC (Domestic International Sales Corporation) and the foreign tax deferral privilege. The savings to the Treasury would mount in future years. The DISC subsidy has had little impact on encouraging exports, but the revenue losses to the Treasury have been high. The primary beneficiaries have been the larger, more affluent multinational companies. The foreign tax deferral is a tax subsidy that encourages U.S. firms to invest abroad rather than at home.

Telephone excise tax cuts of $1.2 billion as proposed by the President are desirable. The removal of excise taxes on telephone calls should reduce costs for both consumers and businesses.

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Since the gap between the economy's performance and its potential is still so large, the Administration's proposal for across-the-board business tax cuts will do little more than increase already huge corporate cash flows and cash balances. The business tax cuts will do little or nothing to create jobs or expand the economy. They will merely divert federal funds that should be used for essential job-creating programs, targeted to the areas of high unemployment and to crisis-ridden central cities.

The likelihood of wasted revenue resulting from the Administration's proposed $6 billion corporate tax cut becomes even more apparent when put in the perspective of past and anticipated business investment behavior. The Administration has estimated that in the absence of a tax cut, by the fourth quarter of 1978, the annual rate of business investment in real terms would be about 6 to 7% above fourth quarter 1977 levels. With the tax cuts, a 7 to 8% growth is forecast -- an increase in investment of less than $2 billion annually. Although the relationships these figures imply are not precise, it nevertheless seems that the Administration is asking the rest of the nation's taxpayers to pay an extraordinary price.

Tax cuts to business will do nothing to reverse the sharp erosion on the share of income taxes paid by corporations compared to the amounts paid by individuals. The corporate share of federal income taxes has dropped markedly since 1960 and the share paid by individuals has increased. In 1960 corporations paid 35% of the federal income taxes. Under the Administration's plan the corporate share would be only 25% in 1979. As a share of the total federal budget, corporate income taxes amounted to 23% of total receipts in 1960, and would amount to only 14% in 1979 under the Administration's plan.

The low level of business investment is the result of an unhealthy economy which has idled a large part of the nation's plant and equipment as well as its manpower. The lack of adequate consumer purchasing power has constrained industry to operate at only 83% of capacity.

For a healthy level of business investment to take place, current capacity must be more fully utilized so that there is a need for expansion. And, business managers must be confident that consumer demand will continue to grow. The economy is now in need of more consumer purchasing power so sales and production will grow and business will have a reason to expand.

Social Security Offset

The Social Security tax rate should be rolled back in 1979 -- and maintained at -- 5.85%. This would be a reduction from the current rate of 6.05% and would avoid the scheduled increase to 6.13% next year. This roll-back should be offset by $5.4 billion in general revenue funds contributed to maintain the integrity of the Social Security Trust Fund and Social Security tax payments by employers, employees and the self-employed by an equal amount.

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Inflation

The AFL-CIO is deeply concerned about inflation. Rising costs of energy, food, health care and housing continue to hold down living standards. But these price increases were not caused by excessive demand for goods, federal deficits, shortages of workers, or excessive wage increases. In fact, 1977 major collective bargaining settlements were lower than the 1976 settlements according to the Bureau of Labor Statistics (BLS).

The BLS reported that "wage-rate adjustments negotiated during 1977 averaged 7.9% for the first contract year and 5.8% annually over the life of the contract, compared with 8.4% (first year) and 6.4% (over the life) in 1976."

The total "effective wage rate adjustment" -- including current settlements and prior settlements and cost of living escalator adjustments -- was down from 8.1% in 1976 to 7.8% in 1977.

The major causes of continuing inflation have been the rising prices of food, fuel, health care and interest rates. Aggravating this situation has been the slowdown in the rate of productivity growth which results from recession and lagging economic recovery.

The so-called "trade-off" theory -- the immoral theory that the way to fight inflation is to create unemployment -- has been thoroughly discredited by the experience of the last 30 years.

The inflation that accompanied the 1969-70 recession and the inflation that accompanied the 1973-75 recession and the inflation that has persisted in recent years has not been diminished by high unemployment.

The "trade-off" theory simply is not true. In 1952-55 unemployment as officially reported averaged 4.0% and the average annual increase in consumer prices was only 0.3% and was actually minus 0.2% for wholesale prices. In the years 1958-66 unemployment was reduced from 6.8% to 3.8% while the average annual rate of increase in consumer prices was 1.5% and only 0.7% for wholesale prices.

There is no evidence of the existence of the so-called "underlying rate of inflation", to which certain Administration spokesmen have referred. Inflation as measured by the Consumer Price Index came down from 12% in 1974 to 7% in 1975 -- and down again to 4.8% in 1976 before bouncing back up to 6.8% in 1977. But even the 1977 experience was uneven -- a 9% rate of inflation during the first half of the year, and a 4½% rate in the second half of the year.

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The latest report on consumer prices shows an 8% rise in food prices during the past year, but only a 3.6% rise in apparel prices. It shows a 10.4% rise in fuel oil and coal prices, but only a 2.1% rise in appliances, radio and TV prices. There was an actual decline of 4.1% in used car prices.

The important point is that overall price changes reflect a wide range of price changes for specific items. It is nonsense to talk about a so-called "natural" or "underlying" rate of inflation.

Inflation must be contained through measures tailored to its specific causes. The foundation of an anti-inflation program must be full employment and full production that will produce a balanced economy and reduce inflationary pressures by eliminating waste and inefficiency from underutilized plant and equipment and an underemployed workforce.

On January 20, 1978 President Meany, in response to President Carter's Economic Report, declared:

"The President's report is forthright and candid and we especially commend his commitment to the Humphrey-Hawkins full employment bill. We share his concerns for a strong economic recovery, a simpler and fairer tax system, and for measures to deal with the special problems of the disadvantaged and the unemployed.

"We certainly agree that inflation must be contained and reduced and we applaud the President's rejection of advice to tamper with collective bargaining through wage-price controls. Guidelines, in any form, are, of course, a step down the road toward controls.

"Negotiated wage increases have barely kept pace with inflation caused by events and actions that had nothing to do with wages -- such as huge increases in the price of energy, interest rates, food, housing and the continuing inflationary pressures that result from the economic waste created by unemployed workers and idle productive capacity.

"The President has asked labor and management to 'respond to requests for members of my Administration to discuss with them, on an informal basis, steps that can be taken during the coming year to achieve deceleration in their industries.'

"The AFL-CIO and its affiliates have always been willing to meet and confer with Administration officials on all matters of mutual concern and we shall continue to do so in the future.

"We cannot and will not, however, support the proposition that government should define the terms and results of collective bargaining through any variation of guidelines, generalized or industry by industry. We are concerned that the Administration approach, proposing a two-year average base period for 'deceleration', appears to lead in that direction.

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"Wage settlements have not been the source of the inflation that this country has experienced in recent years, but rather reflected and lagged behind high price levels stemming from a variety of other causes, which are not dealt with by the Administration's proposed formula.

"We were disappointed that the President's Economic Report ignored the impact of high interest rates on fueling inflation. High interest rates add to the cost of everything from a loaf of bread to servicing the national debt. The high cost of money, without any standards for allocation of credit, creates housing shortages, driving up housing prices, rents, and the general level of inflation. High interest rates are also a major problem for family farmers, who need help.

"The President's intention to rely almost exclusively on tax cuts to stimulate the economy is not sound. The proposed individual income tax cut will only prevent a drag on the economy from new Social Security and energy taxes. The proposed business tax cuts will do little to create jobs or help expand the economy and are an unnecessary diversion of needed federal funds that should be used for essential job-creating programs, targeted to the areas of high unemployment and to the crisis-ridden urban centers.

"We are concerned about the President's apparent intent to hold the federal pay raise, due next October, to some artificial figure as an example to other employers. Federal workers' raises always lag behind the private sector under the comparability law. Federal workers must not again be made the sacrificial scapegoats as they were during the Nixon Administration.

"The President's discussion of international economic policies implies that most of the nation's problems in this area stem from energy imports. This is only partially correct. Equally dangerous to a healthy American economy are the unregulated flood of imports and the continuing export of American jobs, production and technology. Stronger actions than those proposed by the President are essential."

The measures needed to restore the American economy to healthy growth and satisfactory job-creation will entail a higher level of spending than the Administration proposed $500.2 billion and a somewhat higher deficit than the $60.6 billion anticipated by the Administration for fiscal 1979. By adding funds to programs that efficiently and directly meet problems, those problems will not be allowed to fester and grow. Unemployment must be reduced faster than the Administration's timetable. Only twice in the post-war period prior to 1975 has unemployment exceeded 5.9% -- the Administration's target for 1979. This recession level of unemployment must be reduced quickly -- not explained away or accepted as something the nation must live with.

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The fact is that full employment, and the efficiency and increased productivity that come about through operating at high levels of capacity, is a pre-condition for price stability.

The big federal deficits in recent years are not the cause but rather the result of the nation's economic problems. Every one percent of the unemployment rate costs the federal government $16 billion in lost tax revenues and extra unemployment and welfare costs.

Budget deficits are not inflationary when there is substantial slack in the economy. Rather, deficits that come about through intelligent planning dampen inflation as they help raise production to more efficient levels, and the economy is not saddled with the costs of unused plant and equipment, and unemployed workers. Federal programs can also help reduce inflation by meeting supply inadequacies, as in housing and energy, and by expanding needed public facilities.

Americans will be much better served, the budgetary position of the federal government will improve much faster and inflationary pressures will be dampened if the Congress focuses its attention on programs that are directly responsive to the job needs of the nation.

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Senator NELSON. Did any of you other gentlemen want to add anything?

Mr. ROBERTS. Not unless you have some questions.

Senator NELSON. And your supplemental statement will be provided to us before the record closes?

Mr. YOUNG. Yes.

Senator NELSON. We next have a panel consisting of Mr. Roger Curry, executive vice president, Twin Cities Area, Chamber of Commerce of the United States of America; Malcolm Lovell, president, Rubber Manufacturers Association, and member of the Business Roundtable; Frank Schiff, vice president and chief economist, Committee for Economic Development; and Richard Drabant, manager of marketing, Chrysler Institute.

Pleased to see you back on that side of the table again. It has been several years, Mr. Lovell.

If you gentlemen would identify yourselves, starting on my left, so the reporter will have an accurate record.

STATEMENT OF ROGER H. CURRY, EXECUTIVE VICE PRESIDENT, TWIN CITIES AREA, CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA; MALCOLM R. LOVELL, JR., PRESIDENT, RUBBER MANUFACTURERS ASSOCIATION, AND MEMBER OF THE BUSINESS ROUNDTABLE; FRANK W. SCHIFF, VICE PRESIDENT AND CHIEF ECONOMIST, COMMITTEE FOR ECONOMIC DEVELOPMENT; AND RICHARD M. DRABANT, MANAGER OF MARKETING, CHRYSLER INSTITUTE, A PANEL OF BUSINESSMEN

Mr. DRABANT. Richard Drabant.

Mr. SCHIFF. Frank Schiff.

Mr. LOVELL. Malcolm Lovell.

Mr. CURRY. Roger Curry.

Senator RIEGLE. I am just delighted to acknowledge the fact that we have two witnesses here who come from Michigan, and I am pleased they are here to testify. Of course, Mac Lovell also has roots in Michigan. It is sort of the Michigan hour at the witness table, and we are pleased to have all of you here.

Senator NELSON. We invited them, because we knew you would be here today, Senator. [Laughter.]

Do you each have a statement? All right.

Start however you desire. Your statements will be printed in full in the record. You may present them however you desire.

Mr. CURRY. I am——

Senator NELSON. Pull that microphone a little closer, will you?

Mr. CURRY. Mr. Chairman, we are pleased to be here. I am especially honored to be able to present this presentation before Senator Riegle, our Senator.

I am Roger H. Curry, executive vice president of the Twin Cities Area Chamber of Commerce, in Benton Harbor, Mich. In that capacity, I serve as a subcontractor with Benton Harbor's CETA prime sponsor to operate a program which places CETA participants in private-sector jobs.

My appearance today is on behalf of the Chamber of Commerce of the United States where I serve as a member of the chamber's committee on education, employment, and training. Accompanying me is Millicent Woods, the committee executive and associate director for education, employment, and training.

The National Chamber welcomes this opportunity to express its views on extension of the Comprehensive Employment and Training Act—CETA—S. 2570. Programs to improve the job skills and employment opportunities of our Nation's work force are of vital concern to the chamber's membership which includes over 72,000 business firms, chambers of commerce, and trade and professional associations. We are pleased to be here today to offer support and our suggestions for improving the Nation's public employment and training efforts through the CETA program.

In general, the chamber's support of CETA reauthorization is based on the following principles:

Increased emphasis on programs to alleviate structural unemployment, such as improved training, education, and labor market services.

Continued reliance on the decentralization concept.

Increased efforts to place CETA clients in private-sector jobs.

CETA's programs must be considered within the context of the total economy. The chamber believes that the best way to cope with unemployment is through a sound business climate conducive to job creation in the private sector. The key to sustainable economic expansion lies in the long-term measures such as capital formation and labor-market based employment and training policies. As capital investment translates into new industrial capacity, manpower programs must respond by providing workers with necessary skills to produce new equipment and operate new plants.

Within this context, the CETA structure can be an effective mechanism to reduce structural unemployment. Its decentralization principle affords State and local governments maximum flexibility to provide unemployed persons with skills needed for jobs in the local economy. CETA's structural employment should complement a broad government policy which encourages noninflationary growth in the private sector economy.

In an improving economy with unemployment declining, we should redirect CETA's primary focus to the structurally unemployed. Public service employment can be held to a limited degree as a tool to provide temporary financial relief to individuals who have the skills and job-readiness to work, but who are unable to find a job. It does not address the developmental needs of the structurally unemployed and should not be relied upon for that purpose.

The deemphasis of public service employment should be coupled with increased emphasis on structural employment programs. The national chamber expresses continuing support for existing programs designed to improve the job-readiness of the structurally unemployed. We recommend improving and expanding the following programs.

One of the most efficient and cost-effective methods of training is provided by private-sector employers through on-the-job training supplemented by formal instruction inside and outside the plant.

On-the-job training is inexpensive, compared to other programs. With the private sector supplying the training facility and its accom-

panying machinery and equipment, trained supervision, material, energy, fringe benefits, and a percentage of the salary, an individual can be trained for approximately $1,200 to $2,000.

Now I would like to take a few moments to describe some of our local experience we have accumulated over a number of years.

The business community of Benton Harbor has been involved in the manpower programs for many years. They became involved after a review of the old categorical programs, when they found the unemployment was not being helped; with the initiative of the CETA program, the business community and political leaders, had the opportunity to review and to be creative and in developing a new program that would be able to help comprehensively in serving the community of our Twin Cities, Benton Harbor and St. Joseph, Mich.

The thought was to be comprehensive in developing manpower programs—realizing unemployment starts with educational needs in the school system, and goes through servicing industries to help them with manpower needs; manpower programs involve taking care of the unemployed we have and making them employable.

I think it is beneficial for you to know that the city of Benton Harbor is approximately 69 percent minority. Fifty-two percent of the people are living on Government subsidy of one nature or another. The business community is concerned.

With the implementation of CETA in Benton Harbor, the chamber of commerce was selected to be the job developer in the local community's comprehensive manpower delivery system; we developed a plan that has each organization involved serving as a conduit to work with individuals they felt most comfortable with.

The chamber was selected to be the job developer due to the fact employers in the business community make up the chamber of commerce. They feel very comfortable in working with us.

We are the contract writer, checkwriter, and contract reviewer, with the assistance of DOL and the local prime sponsor.

The total program consists of OJT direct placements and vocational education, in which we managed balance-of-State funds of $145,000.

Presently, we have approximately 93 people entered into school. CETA title I funds are used to pay for the director and staff of counselors. We have found that the placement is very high, somewhere near 85 percent.

We also implemented a program of career education under title I and have five school systems working and cooperating in this program.

The program starts with a film presentation to the students, exposing them to 16 different career clusters, letting them select the various clusters, and then focusing in on three of the different careers they would like to become more knowledgeable on.

We have a slide presentation we present to the school students, focusing in on job opportunities in the county. We take the industries and their expertise from the community into the classroom. We have students visit workers on the job, and the local junior college for career exploration; then we end up trying to place the kids in summer youth jobs.

The summer youth job program includes (1) the rent-a-youth program, a private sector program, where we place the youths in the

private industry; (2) the farm program, which involves placing youths on farms to pick fruit, and (3) a project we call project crews, where we selected 10 crews of 6 and 4 kids and place them in public jobs.

We also created a small business department to work with SBA to assist the small businesses that need their assistance in coordinating with local banks and to work with the educational institutions to help the small businesses with management education.

It is our understanding that each $10,000 invested in small business creates one job; in addition, we have found that many of our OJT's are people with the small businesses. So our small business department is a vital part of our overall manpower program.

In our job development area, we did a study pertaining to long-term needs of jobs within the community. This study included demography, services that we have to offer, what types of business can make money in our area, and how to bring them into the community.

After that study, the business community and the local government had already started an industrial park of 562 acres. We developed a marketing program to help local industries to expand and to attract new firms to locate in the industrial park.

We also created at that time an economic development department of seven people, which has two industrial consultants, a director, a research person, and a secretarial force. These are a few examples of our local manpower efforts in the Twin Cities.

Going back, from there back to the U.S. chamber's statement, the national chamber supports the private-sector initiatives program outlined in title VII. Since four out of five jobs in our Nation's economy are in the private sector, it is critical that CETA alter its efforts and priorities accordingly. The following recommendations are made, however, to improve this proposal:

The councils should be comprised of individuals who regularly interface with the business community, so that employers will have confidence in the council's ability to deliver services. In this regard, it would be appropriate for prime sponsors to contract with existing organizations—such as the chamber of commerce, the urban league and small business councils—which already tie in with the business community. Determination of the appropriate organization should be left solely to the prime sponsor.

The private sector initiatives program should be designed to increase private-sector involvement in all employment and training programs, not simply to designate a portion of CETA funds which will be spent on private-sector placement. Therefore, the proposed councils should have some organizational tie-in with the CETA prime sponsor's planning council, the primary decisionmaking body of local employment and training programs. This would enable the private sector to have an input into the local CETA's total manpower policy.

The council's responsibilities should be broad and not restrictively defined in legislation. There should be maximum flexibility for these councils to provide the necessary link between CETA participants and jobs in the private sector. Explicit statutory delineation of council responsibilities is likely to limit the local community's ability to explore with business and union leaders various mechanisms for placing

CETA clients in private sector jobs—options such as wage subsidies, wage differentials, expanded training reimbursements, et cetera.

Small employers are more likely to use these programs for economic reasons and frequently provide the types of jobs which require less training and quicker entry into the permanent labor force. Congressional intent that the private sector initiatives program should serve both large and small businesses should be made clear.

Beyond this, the national chamber supports pilot-testing additional incentives to encourage employers to hire CETA clients. Specifically, we recommend:

Expansion of the work incentive tax credit program which currently pays employers 20 percent of the first year's salary of individuals on welfare;

Implementation of a youth differential, allowing employers to pay 16- to 19-year-olds 85 percent of the Federal minimum wage to compensate for their reduced productivity; and

Consideration for tax credits for those who hire the structurally unemployed.

In conclusion, the national chamber recommends:

1. Extending CETA for 4 years, with increased emphasis on decentralization.

2. Increasing private sector participation in CETA, through both the councils proposed in title VII and an increased private-sector role in local planning councils.

3. Increasing emphasis on programs to alleviate structural unemployment and decreasing emphasis on public service employment.

We thank you for this opportunity to express our views on this important issue.

Senator RIEGLE. Just one thing before we move to the next speaker.

We have been giving a lot of thought to what it takes to be an adequate incentive to the job provider to really be interested in taking a CETA-trained person. What is there that is in that activity that is crucial from the point of view of the businessman, to prompt him to want to go this route?

With your experience with this program in Michigan, where you have had a lot of people that you have worked with, and your experience with employers, what have been key elements, what has to be present in order to make this a successful transfer of somebody out of structural unemployment into a permanent job?

Mr. CURRY. No. 1, availability of the job. No. 2, the employer having the confidence that they are working with an individual they can trust and they have confidence with.

Senator RIEGLE. I gather you are saying, too, because the chamber of commerce was the local sponsoring organization, putting your reputation on the line, that increased the confidence in the people you offered to them?

Mr. CURRY. I think that is correct.

There is a hesitancy, I think, in the business sector with regard to having the Government looking over their shoulder. In our case, the title I funds come to the chamber of commerce and we write the check out and sign the contract with the local industry.

Senator RIEGLE. You do the Government paperwork?

Mr. CURRY. The contract comes from the chamber; correct. We review each contract. We have a conversation monthly with the foreman and owner of the industry, and also interview the person that ends up on the job.

Senator RIEGLE. Do you find in the businesses you have been dealing with a recognition there is a need to try to find a way to move some of these structurally unemployed people into the work force?

Mr. CURRY. I think they are cognizant of the problem, especially in our area.

Senator RIEGLE. Are you finding more businesses are willing to sign up with you as a result of a successful experience?

Mr. CURRY. Once we turned to the smaller businesses, it was much easier to sell the program.

Senator NELSON. When you say "smaller," within what range?

Mr. CURRY. Many times family-type industry or family-type firms, 25, 50 or less.

Senator RIEGLE. That is interesting.

You now find that one of our most productive outlets is in smaller scale operations, presumably, having a tougher time getting employees anyway. The bigger outfits would presumably have a pretty refined talent-finding operation.

I can see why you perform a more valuable service to the smaller-scale operator.

Mr. CURRY. I think a condition exists, such as in a small filling station with five employees, who can't quite afford the sixth; we can help them with an OJT; then, we can help them add their seventh employee later.

Senator RIEGLE. I find it interesting that the chamber decided to get in the act here. As you say, Benton Harbor is a distressed area generally in terms of the conditions we are looking at; so that may have automatically created a heightened social awareness. I think it is interesting the chamber has decided to do this.

How popular is this today among all of the chamber members there?

Mr. CURRY. We have a very high caliber board of directors as far as representatives of the industries. I think they feel that we have a responsibility, and I think as a whole the membership likes the fact we are involved.

Senator RIEGLE. It has been satisfying; is that correct?

Mr. CURRY. Right.

Ramifications such as mismanagement and fraud, et cetera, we have taken that out of the local programs by our involvement. We have found we are receiving productivity from the dollars we are investing. I do not believe the productivity is high enough for the private employers to handle this without the services of an intermediate organization. The job must be done and we are taking a stab at it.

Senator RIEGLE. I appreciate your testimony.

Senator NELSON. What is the size of the budget?

Mr. CURRY. Someplace in the neighborhood of $555,000 of local prime sponsor funds, and another $145,000 State and vocational education funds.

Senator NELSON. What is your average annual placement?

Mr. CURRY. In the OJT area, budget of over $100,000; in the past year, the average there is approximately $1,240 a head for placement cost. That is the contract cost.

Senator NELSON. That is placement, not training?

Mr. CURRY. There is no institutional training in that; the training is done by the industry. Our administration fee is 15.7 percent of the total contract.

In the vocational education area, our average cost is $780 for each person enrolled in school. We have approximately 93 people enrolled.

Senator NELSON. 93?

Mr. CURRY. Yes.

Senator RIEGLE. If I may, your first point, I think, is important, if I understood you right. Not that there is not training taking place, it is. The training is being provided by the employer. He is, in effect, paying for that. If I understood you right, the figure of $1,240 is what you were identifying as your cost?

Mr. CURRY. Contract cost, average, to the industry.

Senator RIEGLE. Anything beyond that, somebody else is picking up the tab?

Mr. CURRY. Costs beyond that would be strictly administration, the job developers, accounting costs. That is 15.7 percent of the total budget. We have vocational education, career education, on-the-job training, a summer youth program.

Senator RIEGLE. The key thing is that to me is a remarkably cost-effective investment. If you are able, by playing this intermediary role, to be able to find job slots and get people in there, and your direct costs are $1,240 per person, that sounds like a bargain to me.

Senator NELSON. Those costs are for what, specifically?

Mr. CURRY. To pay the industry for the direct and indirect costs they have in training the individual once they are on the job.

Senator NELSON. These are on-the-job training costs?

Mr. CURRY. Right.

Senator NELSON. You include in that figure your overhead and administration costs?

Mr. CURRY. That is not figured—well, our mass contract is $555,000. Out of that, we have got $102,000 we use for OJT's and the rest of the money is used for various other programs we are conducting.

Senator NELSON. Do you have any follow-up statistics of retention rates of those placed in the private sector?

Mr. CURRY. I could forward you these, and they are above the national average.

Senator RIEGLE. You said it is about 85 percent.

Mr. CURRY. That is for graduates of the vocational program.

Senator RIEGLE. What is your best estimate——

Mr. CURRY. Somewhere in the neighborhood of 54 to 57 percent.

Senator NELSON. That is the placement of those individuals.

Mr. CURRY. Permanent, stay on the job, after the OJT contract elapses.

Senator NELSON. Thank you very much for your testimony.

Our next witness is Malcolm Lovell, President, Rubber Manufacturers Association, and member of the Business Roundtable.

Mr. LOVELL. Thank you, Mr. Chairman.

I am here today representing the Business Roundtable. I am very glad, Senator Nelson, you have Senator Riegle on your committee. He is able, knowledgeable, and I am delighted to see you again.

Senator NELSON. You cannot get on this committee unless you are. [Laughter.]

Mr. LOVELL. First of all, I would like to mention that with me is a man who is probably familiar to you all, William Kolberg, a former Assistant Secretary of Labor for Employment and Training.

First of all, the Business Roundtable supports the reauthorization of the Comprehensive Employment and Training Act.

CETA created a flexible and useful intergovernmental delivery system which placed program design and control at the State and local levels, and yet provided for appropriate Federal policymaking, priority setting, and operational oversight and review.

It hasn't always taken place, but the potential is there. The fact that the program has greatly expanded over the past 4½ years without a need to make any basic structural adjustments shows the wisdom and effectiveness of the design.

Our support for reauthorization is based upon the desirability of continuing the basic structure and purposes of CETA. Our support for these general purposes, however, does not imply our endorsement of the current size of the program or the way the resources have been allocated.

We believe that the program should be reauthorized for a 2-year period, rather than a 4-year period. Given the size and volatility of the program, we believe it desirable for the Congress to review the structure and operations of the program at frequent intervals.

Some of the discussion you have heard today in terms of the confusion of the role of the program, I think, emphasizes this point.

The most serious unemployment problems today are structural—primarily disadvantaged youth and individuals with long-term attachment to the labor market who have been displaced from their jobs by economic forces beyond their control. These problems are best addressed by manpower policy and programs rather than by macro-economic policy.

Cyclical unemployment requires a different set of tolls with different standards and modes of operation—and in most instances, unemployment insurance has been the most sensitive in alleviating the temporary hardship of cyclical unemployment. Our comments today deal with those aspects of this legislation dealing with structural unemployment.

Since about 80 percent of the expenditures under CETA are now devoted to public job creation, it is important to insure that the program both reaches the most disadvantaged and does not simply become a tool for fiscal substitution by prime sponsors.

The 12-month project approach for public service employment has apparently cut down on fiscal substitution and should, therefore, be continued.

I understand from you, Senator, these time periods have been changed.

Senator NELSON. Eighteen months for new ones; 12 months from October 1 for those who are already in the program. Those are maximums.

Mr. LOVELL. In addition, the administration now proposes limiting to 18 months any individual's occupancy of a public service job. Although we would prefer a 12-month limit, we believe this amendment is desirable in order to further limit substitution, and to spread these publicly supported job opportunities to more individuals.

The proposed administration amendments also provide for a desirable strengthening of the provisions to hold average wages paid to participants in public service employment down to $7,800 and to place a limit of 10 percent on the number of enrollees whose wages can be supplemented beyond $10,000 by the prime sponsor.

We do not support the proposed relaxation of the eligibility requirements for public service jobs. Current law requires participants to be both economically disadvantaged and have been unemployed 15 weeks, or have exhausted unemployment insurance, or be a welfare recipient.

Relaxing this unemployment requirement to 5 weeks makes it possible for many more individuals to be eligible—and would make it relatively easy to rehire laid-off regular Government employees. Even with the current 15-week period, there are an estimated 6 million individuals who could qualify for this program.

We support the administration proposal that would target much of the CETA program only on the economically disadvantaged—defined as individuals whose family income is no greater than 70 percent of the BLS low income standard, which is about $7,000 over the preceding 6 months. However, we believe this 6 months standard should also apply to public service employment, rather than relaxing the income standard to 3 months as proposed in title VI.

The entire Federal employment and training effort since 1962 has been premised on the expectation that enrollees would receive services that would enable them to move to unsubsidized employment at higher wage levels. Since four out of five jobs are in the private sector, this necessarily means substantial job placements in the private sector. Yet, private-sector involvement in employment and training programs has typically been disappointingly small over recent years.

Although the support of private-sector OJT has always been an element of the Federal program, it has never been large, probably because of both Government red tape and the reluctance of business to get involved with the Government for the relatively low level of subsidy involved.

The highest level of involvement came in the late 1960's and early 1970's when the economy was running at near capacity and business needed employees. Approximately 25 percent of manpower expenditures were for private-sector OJT during this period. Since the recession of 1974, the OJT portion of the program has been drastically reduced, running at less than 1 percent of the total expenditures under CETA in 1977. As the economy recovers, it is again timely and necessary to greatly increase the involvement of the private sector in training and employment.

Since the passage of CETA, business at the local level has not been anxious to compete with other organizations for the scarce dollars which prime sponsors have had to pass out. Unlike many public and private nonprofit organizations which depend in whole or in part on CETA, most small- and medium-sized business organizations have no interest in these programs other than altruistically and must be specifically stimulated to get involved.

Whereas many large firms have and will continue to voluntarily hire the disadvantaged, in cooperation with the National Alliance of Businessmen, most small firms do not have the resources to even become familiar with the programs. Yet most of the job growth in our economy is coming in the service sector which has a preponderance of small- and medium-sized business concerns.

In the last 10 years, since the NAB was established, EEO laws and regulations have been strengthened and perfected and their enforcement has been more effectively pursued. This has resulted in a much heightened awareness on the part of all business concerns to the necessity for training and hiring the disadvantaged. This new phenomenon has perhaps resulted in lessening the motivation and need for business to get involved with specific federally financed employment and training programs.

We believe it is therefore necessary and timely to renew the emphasis on private-sector involvement, as proposed by the administration in the new title VII of CETA.

It is true that new authority is probably not necessary in order to re-emphasize private-sector involvement. However, we welcome the emphasis that the administration apparently now intends to give to this area and believe that a separate new title gives added weight and commitment.

The new title is specifically intended to "augment" ongoing OJT activities being funded by prime sponsors. And I noticed some confusion here today in terms of the intent of title VII.

I suppose it would be strange for me to be explaining what the administration has in mind, but they intend this money be predominantly OJT an educational effort relating to private-sector job placement. It is an effort to stimulate local areas to be imaginative, as they have in Benton Harbor, Chicago, and other areas, to allow the local areas to use their imaginations. That is why the language is purposefully vague, perhaps. We applaud that.

We applaud the proposed amendments which would limit prime sponsors' support of public service employment and work experience activities under new title II to 50 percent and would maintain at least the 1977 level of prime sponsor supported training programs.

There is no guarantee that the creation of any given new structure at the local level will automatically enhance private-sector involvement. However, it is clear that most of the current structures in place at the local level have not been effective, with a few exceptions we heard about this morning. The proposed new structure really represents a new commitment and new financial resources to pursue the goals. We welcome this new commitment and intend to work diligently to increase business participation.

Senator NELSON. When you say "It is clear that most of the current structures in place at the local level have not been effective," are you referring to the employment service?

Mr. LOVELL. I am talking about OJT.

I have a comment on the employment service, Senator.

I think it is, as a labor exchange mechanism, it is an excellent organization. I think the problem is, we expect it to do so many things it is not intended to do, we view it as a failure.

The employment service really has the basic responsibility, when people are ready for work, referring them to a job that will take them.

It does not have the responsibility for providing the ancillary services and training and, indeed, the inspiration needed by our structurally unemployed people. I think we should turn to other institutions and organizations for these services.

The employment service can help, but their basic function is to provide labor exchange services.

Senator NELSON. It is a fact that the whole infrastructure is in place. Why can't this become a responsibility of the employment service without confusing it with their primary role for which they were originally created?

Why cannot an additional role be handled separately by people especially trained to work in this particular field?

I don't mean to say that would preempt what is being done by the chamber of commerce in the Twin Cities.

Mr. LOVELL. I think they can. One of the big problems in dealing with structurally unemployed is that we regard the problem very simplistically as if everybody structurally unemployed needs the same thing, which obviously they don't.

There are serious attitudinal problems that require tremendous community involvement to encourage people to take the hard, difficult steps necessary to prepare themselves. We are not trying to create a class of people who are going to be continually sustained. We have to try to provide opportunities to these people and encourage them to take advantage of it and to do the things they need to do to become competitive.

There is no reason we cannot do that in this country if we devote energy and resources to it.

The Business Roundtable has taken an official position, particularly in terms of black youth, that the highest priority we have is to really break the back of youth unemployment, with rates of 40 and 50 percent. We would like to look at it more imaginatively than in the past, and not just deal in terms of institutions but the total nature of the problem, and then bring the resources and imagination and social interest and emphasis that is necessary to do this.

Senator RIEGLE. Might I comment?

Senator NELSON. Go ahead.

Senator RIEGLE. I think this is a key question, of whether or not the employment service is in the best spot to take on the job of trying to figure out how to solve the structural unemployment problem. I tend to come out on the side that says that is not the place to put it, at least not in the first instance. I think the problems are so different; I think your term, an exchange process, is quite a good way to put it in terms of what the employment service now does. That is a very vital function.

I think they are so ingrained in that business, in my own experience with Government bureaucracies, to ask them to step outside that essential character and develop, as a part operation, a whole new character dealing with a profoundly different problem, is not reasonable. The structural problem gets into a deeper set of issues: discrimination, and so forth.

It seems to me what would make more sense is that the structural problem ought to be taken on by a new enterprise, however we want to define how that is done. It seems to me that if we can put in place a system to deal with the structural unemployment problem, which takes a lot of different players and the private sector, plus we must play a

good-sized role in that, and different sets of intermediary organizations, to do it; but it seems to me that if we can devise the technology and the cost-effective techniques and socially-acceptable procedures for reclaiming structurally unemployed people, and we can devise systems that work and move large numbers of people out of structural unemployment into jobs, I think that is so tough an assignment, to give an organization more than that to do would be unwise.

I think it will take all the concentration and power an organization can muster to break the back of that problem, because it is so difficult and the fact we have made so little progress in this area.

At some future time, I can see, let us say, 3, 5 years down the road, you have two well-functioning organizations; you could concentrate them under the same umbrella, roof, let them work together. Then you would have these two discrete, well-aimed, well-functioning operations doing what they are intended to do.

To try to do it at the outset, given the difficulties and unique nature of what is involved here, it strikes me as not being the right way. That is just one person's opinion.

Mr. LOVELL. I would agree with you that the employment service should not be charged with that total responsibility. On the other hand, I do not believe a new agency should be created, is the only place I disagree with you.

We need a greater understanding of the program and the development of adequate incentives to require the kind of behavior on the part of individuals and on the part of institutions necessary to achieve the social results we wish. We don't think about that. We think in terms of structure, of organizations, whether CETA or whether it is an employment service, or whether it is an OIC. You have got to have systems of motivation in terms of your total national policy that encourage people and institutions to do what you want them to do.

Somebody told me once that the Government believed in using the carrot and stick, but most of the carrots turned out to be sticks.

We have to have incentives, encourage people on their own to do the kinds of things, over time, at least in the judgment of the Government, in our best interests.

First of all, providing the opportunity; that is the responsibility the Government has, in my opinion. Then, I think, locally, all the people in the community and nationally, institutions like the AFL-CIO, the chamber of commerce, should work to encourage people to take advantage of the opportunities provided.

I would include every institution that we have, Senator. It should not be the charge of one.

I don't want to take too much time. I do want to emphasize a few areas.

Title VII, as proposed by the administration, is flexible enough to allow necessary variation in organizational structure and program content at the local level.

Under the proposed amendment the prime sponsor is required to set up a private industry council with business and labor representation. We believe representation on the council should be broadened to include representatives of education and perhaps other groups. As long as the clear majority of the council is drawn from business, we believe the balance of the council makeup should be left somewhat flexible.

The proposed title VII desirably leaves the structure of the council up to local discretion. We suggest that the Federal Government might develop several model structures which could be used without any specific Federal approval, but also leave it open for further structural variations as long as they were approved by the Federal Government and the prime sponsor.

In like fashion, title VII now suggests a number of possible private-sector contract programs which could be supported by the new councils, without in any way being prescriptive. It would be desirable for the Federal Government to develop several model contract programs which could be adapted to specific local needs.

In addition to direct OJT contracts with prime sponsors, we believe the private sector should also have available the option of a tax credit subsidy for hiring and training specific categories of disadvantaged individuals, particularly unemployed youth. We would support legislative authorization for a new categorical tax credit program appropriately designed to meet the needs of the structurally unemployed.

It is our understanding that the National Alliance of Businessmen will have a key role under the new title VII program in providing advice and technical assistance to prime sponsors in getting the new councils operational. We believe this involvement of NAB is crucial in providing an element of quality control in the program.

The NAB either has or can gain access and knowledge of local business communities and can provide entree to those needed to make this effort a success. Over the past 10 years, thousands of business leaders have been active in NAB and this resource will be very important in revitalizing these local business efforts.

The administration is proposing several other new programs which we believe are important:

A new authorization is proposed for a permanent national job search assistance and relocation program. This new element has been missing from our arsenal of tools to aid the unemployed and disadvantaged. The ability to assist individuals in their search for jobs, both within and outside their commuting area, could be an important new element in matching people with jobs.

The current CETA lacks authority to support upgrading programs within industry. The proposed new amendment authorizing such programs should aid in stimulating private firms to establish coupled entry-level and upgrading programs and thus could increase private-sector training activity.

Thank you very much, Mr. Chairman.

Senator NELSON. Thank you very much, Mr. Lovell.

Our next witness is Mr. Frank Schiff, vice president and chief economist for the Committee for Economic Development.

Mr. SCHIFF. Thank you very much, Mr. Chairman.

My name is Frank W. Schiff, vice president and chief economist of the Committee for Economic Development, CED, an organization of 200 leading business executives and educators. I appreciate the opportunity to appear here today on CED's behalf to testify on the pending CETA reauthorization and particularly on the proposals for increasing private-sector involvement in employment and training programs.

My comments this morning are largely based on the policy statement, "Jobs for the Hard-to-Employ: New Directions for a Public-

Private Partnership," that CED's research and policy committee issued in January.

Copies of the statement have been distributed to the committee. It was developed over a 2-year period by a subcommittee which was chaired by Mr. John L. Burns, a former president of RCA and head of Cities Service Corporation, and for which I served as project director. With your permission, I would like to include appropriate selections from the statement as an appendix to my testimony.

Senator NELSON. They will be printed in the record.

Mr. SCHIFF. The analysis and recommendations in our statement are directly relevant to key issues involved in the proposed CETA reauthorization. The committee concluded that employment and underemployment are enormously wasteful and costly for our economy and that appropriate steps to overcome these problems are not merely good social policy but also good business.

It recognized that a wide range of national as well as regional policies are needed to cope with unemployment. Its principal emphasis, however, is on the need for direct measures to aid the structurally unemployed—including the young, the old, and the disadvantaged.

These measures, we argue, should mainly involve putting people to work rather than paying them for not working. Morever, while the committee sees an important direct role for Government in promoting employment, it urges that far more stress than in the past should be placed on involving the private sector—both profit and nonprofit—in efforts to provide jobs for the hard-to-employ. Such efforts must not only involve large firms but should also be directed at many small businesses, particularly in the expanding service sector.

Our committee also reached another major conclusion: namely, that the approach outlined is not merely desirable but workable. Considerable support for this view is provided by a series of case studies that we prepared on the basis of a survey of CED trustee companies and that has also been distributed to you.

These studies show that numerous forms of public-private cooperation to aid training and employment of the hard-to-employ are already being successfully carried out by various individual firms and communities in different parts of the country, though often only on a relatively small scale.

This suggests that the need may not be so much for the development of brand-new techniques for dealing with the hard-to-employ, but for mobilizing much more active and widespread business, Government, and community support for the kind of activities that have already proved successful.

Among the more specific recommendations in the policy statement for increasing the private-sector role in manpower policies are the following:

First, there should be much wider dissemination of information about existing private-sector programs that work effectively. In this connection, we recommend a permanent information clearinghouse regarding such efforts. This should receive active Federal support and funding but might best be operated by a private organization such as the National Alliance of Businessmen or the conference board.

Second: There should be a much more concerted effort by the top business leadership, both nationally and at the community level, to

provide new impetus for an effective public-private partnership to aid the hard-to-employ. This effort needs to be reinforced by clearer and more unified direction of Federal manpower programs and by greatly increased stress on an enlarged private sector role in the management of these programs.

Third: There is need for much wider use of various kinds of intermediary organizations to assist business in becoming more fully involved in special training and employment efforts. Many firms which have been reluctant to hire the disadvantaged directly will do so if intermediate organizations help them in dealing with such groups.

These organizations can be particularly useful in handling job placement, cutting the red tape connected with federally supported on-the-job training contracts, and providing special counseling and other services for the hard-to-employ. Among the types of intermediate organizations that we found to be particularly promising there are three that I would like to cite:

One is the Chicago Alliance of Business Manpower Services—CABMS—a private, nonprofit organization created by a coalition of 20 major Chicago business firms and 20 minority firms and groups. It has a permanent staff and can act as a direct contractor for federally financed on-the-job training programs. This type of arrangement has been unusually effective in developing OJT contracts, particularly with small firms. It has, for example, cut the red tape involved in CETA contracting from several months to about 10 days.

Second: The experimental Manpower Demonstration Research Corporation, a form of "jobs corporation" which takes on some of the most severely disadvantaged persons as its employees, trains them and moves them into supported work, and then gradually shifts them into permanent nonsubsidized private employment.

Also, various specialized private job-finding organizations can be particularly effective in facilitating job development, training, and placement of especially hard-to-employ groups. An example is the vocational foundation in New York, which deals primarily with ex-offenders and chronic welfare cases.

Fifth: We think that much greater emphasis needs to be placed on programs specifically tailored to the needs of particular groups among the hard-to-employ. These encompass, among others, an improved transition from school to work, including greater use of apprenticeship and work-study programs; increased stress on skill training and upgrading for the disadvantaged; more productive use of midcareer and older workers; and more flexible work schedules and job arrangements to aid persons who cannot readily conform to a regular work pattern.

Finally, our statement calls for a variety of increased incentives, including tax credits, and reduced disincentives for private employment of the hard-to-employ. It also suggests fuller exploration of various alternatives to outright layoffs in recessions, including increased allowances for skill training and upgrading during such periods and changes in unemployment insurance arrangements to facilitate greater reliance on work sharing.

In the light of these recommendations, let me now turn to some of the particular aspects of the proposed new CETA legislation on which you have asked me to comment.

As regards the general approach, we think renewal of the CETA authorization is clearly desirable. In general, the proposed changes closely parallel many of CED's recommendations. This is particularly true for those parts of the proposed CETA reauthorization that call for increased targeting on the disadvantaged; put greater emphasis on training and introduce upgrading and relocation programs; and call for substantially increased private-sector involvement in training and job creation efforts.

We also welcome some of the new features of the legislation that are designed to make for a clearer distinction between countercyclical and structural public service employment programs to reduce fiscal substitution. This applies particularly to the proposed 18-month limit on the time an individual can remain in a public service job, though our committee's preference actually is for an even stricter time limit of 12 months in most circumstances. However, we question the desirability of relaxing the requirement that persons eligible for public service employment must have been unemployed for 15 weeks.

As concerns the private sector initiatives program, the proposed addition of a new title VII that is specifically concerned with private-sector jobs for the economically disadvantaged is highly commendable. It is to be hoped that this section can become a focal point for implementation of the policy approaches we have recommended.

We particularly welcome the stress on added funding for on-the-job training programs and on various activities to provide a better bridge between school and work. However, questions remain on how the new title is to be applied. I would like to suggest several broad guidelines in that connection.

First: The new effort to increase private-sector participation in employment and training programs should extend to all aspects of the CETA legislation, not merely to activities specifically authorized under title VII. Thus, the proposed private industry councils created under title VII should serve as a major instrument for promoting greater private-sector involvement in the full range of CETA activities.

In addition, incentive funding should be provided for prime sponsors that perform particularly well in terms of increased community and private-sector participation in the employment and training effort. Our recent policy statement recommended that the Secretary of Labor be authorized to allocate up to 20 percent of CETA funds for such purposes.

I also consider it desirable that explicit provisions be made for more adequate proportionate representation of business, labor, education, and community groups on the existing CETA planning councils. The proposed legislation provides for such a change in State planning councils but not for CETA planning councils at the local level.

Second: It will be important to assure that the proposed private industry councils do not merely become pro forma advisory bodies to local prime sponsors. They should emerge as a forceful instrument for mobilizing local business and industry support for a wide range of initiatives to aid the structurally unemployed and facilitate their eventual shift to unsubsidized private employment.

In my view, this means that the councils should be predominantly composed of business leaders representing both large and small firms.

They should be adequately funded and have permanent staffs that are responsible to the councils. Moreover, there should be clear provisions to allow the councils to carry out operational functions if this is appropriate.

In particular, the councils should be able to establish private nonprofit intermediary organizations that could act as direct contractors for CETA on-the-job training programs, along the lines now being successfully carried out by the Chicago Alliance of Business Manpower Services. Apart from these considerations, however, considerable flexibility should be allowed regarding the composition of private industry councils and their mode of operation. In fact, our studies have indicated that organizational arrangements best suited to particular communities and situations tend to vary quite widely.

Now, as relates to both private and public employment services:

In this area, our recommendations appear to go further than the administration's proposals. Our statement recommends that appropriate administrative and, if necessary, legislative actions be taken to bring the U.S. Employment Service and CETA together. We also feel that the employment service would become more effective if it were relieved of numerous enforcement and compliance functions that are not related to its basic mission of job placement.

An essential requirement for increased effectiveness of the employment service is to establish a more productive relationship with employers.

Progress in this direction has been made in some localities. One promising arrangement is the use of an account representative system under which a particular employment service officer is assigned to a block of companies with which he becomes fully familiar. However, a greatly intensified effort is required to develop such improved services to employers throughout the country.

We also think there is a need for substantially larger roles for specialized private job-finding agencies in developing job opportunities for the hard-to-employ. CETA and the employment service should be clearly authorized and encouraged to enter into subcontracts with such agencies.

Finally, as regards categorical employment tax credits, we also believe there should be considerably greater emphasis on Government incentives to induce private employers to increase training and job opportunities for the hard-to-employ, including many of those who now receive Government income support or hold public service jobs.

In addition to direct training subsidies and stipends for apprentices, we favor greater experimentation with categorical employment tax credits targeted to the hard-to-employ, particularly unemployed youths. Such credits should be especially useful for training and employment in small business firms.

Persons eligible for such categorical credits should not only include the welfare clients now covered under the WIN program, but also the long-term unemployed and lower-income groups eligible for public service employment. We think the prospects for the success of these programs will be considerably improved if they are carried out with the active assistance of the local industry councils to be created under the new title VII.

Thank you, Mr. Chairman.

Senator NELSON. Well, we have heard differing views on the utilization of the employment service.

Would you expand on its utilization in this field?

Mr. SCHIFF. Experience with the employment service varies in different parts of the country. The employment service cannot really be a very effective service if employers don't want to list jobs with it. Many employers are not interested in doing so.

We have found in our case studies there are cases—Chicago is one example—where much more effective relationships between the employment service and employers have been developed in a very systematic way. The main instrument for this has been the account representative system that I described earlier, under which particular employment service officers are given special responsibility to work with particular corporations. When I looked into this some time ago, however, such special services to employers existed in only about 10 percent of the employment service offices.

We have also recommended that each employment service office should have an agent for more disadvantaged people, to watch out for that aspect; but we do not think that there should be as many legislative requirements as now exist to give priorities to various groups. Such provisions become too diverse so that they tie the hands for the service.

We also recommend much closer coordination at all Government levels between the employment service and CETA. We think that a lot can be done in this respect, but basically, the important thing is to make sure that, at the local level, the agencies that now exist, the employment service and CETA really work together. While we do not call for a rigid assignment of tasks, we do feel that the employment service should have the main responsibility for job placement and that CETA's principal task should be to concentrate on making people job ready.

We have come across various instances of duplication and of lack of communication between the employment service and CETA. I would agree with Senator Riegle that close coordination cannot be achieved overnight everywhere, but there ought to be a great emphasis on seeing that the efforts of these agencies work in some unified way.

[The following was subsequently supplied:]

Highlights of testimony by Frank W. Schiff
Vice President and Chief Economist of CED
before the
Subcommittee on Employment, Poverty and Migratory Labor
of the
Senate Committee on Human Resources

March 1, 1978

1. Renewal of the CETA authorization is clearly desirable. The proposed changes closely parallel many of CED's recommendations in its recent policy statement on "Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership". This particularly applies to the provisions for increased targeting on the disadvantaged; substantially increased private sector involvement in training and job creation; and greater emphasis on training, upgrading and relocation programs.

2. A welcome new feature is the proposed 18-month limit on the time an individual can remain in a public service job, though CED's preference is for an even stricter limit of 12-months. On the other hand, it would not seem desirable to relax the present requirement that persons eligible for public service employment must have been unemployed for 15 weeks.

3. The addition of a new Title VII specifically concerned with private sector jobs for the economically disadvantaged is highly commendable. Various questions remain, however, on how the new title is to be applied. It is suggested that this title, and the proposed private industry councils created under it, should serve as a major instrument for promoting greater private sector involvement in the full range of CETA activities. The proposed local private industry councils must be given adequate powers and funding to allow them to carry out this task. In addition, incentive funding should be provided for prime sponsors who perform particularly well in encouraging such involvement. Business, labor and community representation on local CETA planning councils should be strengthened.

4. CED favors bringing the Employment Service and CETA into a closely integrated structure, relieving the Service of many of its present enforcement functions, and expanding special ES services to employers, such as the Account Representative System. CETA and ES should be encouraged to enter into subcontracts with specialized private job finding agencies for the hard-to-employ.

5. Other recommendations cited include CED support for greater experimentation with categorical employment tax credits and the proposed establishment of a permanent clearinghouse of information about successful instances of public-private cooperation in aiding the hard-to-employ.

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Jobs for the Hard-to-Employ

New Directions
For a Public-Private Partnership

A Statement on National Policy
by the Research and Policy Committee
of the Committee for Economic Development

CED

January 1978

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The Committee for Economic Development is an independent research and educational organization of two hundred business executives and educators. CED is nonprofit, nonpartisan, and nonpolitical. Its purpose is to propose policies that will help to bring about steady economic growth at high employment and reasonably stable prices, increase productivity and living standards, provide greater and more equal opportunity for every citizen, and improve the quality of life for all. A more complete description of the objectives and organization of CED is to be found on page 98.

All CED policy recommendations must have the approval of the Research and Policy Committee, a group of trustees whose names are listed on these pages. This Committee is directed under the bylaws to "initiate studies into the principles of business policy and of public policy which will foster the full contribution by industry and commerce to the attainment and maintenance" of the objectives stated above. The bylaws emphasize that "all research is to be thoroughly objective in character, and the approach in each instance is to be from the standpoint of the general welfare and not from that of any special political or economic group." The Committee is aided by a Research Advisory Board of leading social scientists and by a small permanent professional staff.

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The Research and Policy Committee is not attempting to pass judgment on any pending specific legislative proposals; its purpose is to urge careful consideration of the objectives set forth in this statement and of the best means of accomplishing those objectives.

Each statement on national policy is preceded by discussions, meetings, and exchanges of memoranda, often stretching over many months. The research is undertaken by a subcommittee, assisted by advisors chosen for their competence in the field under study. The members and advisors of the subcommittee that prepared this statement are listed on page 6.

The full Research and Policy Committee participates in the drafting of findings and recommendations. Likewise, the trustees on the drafting subcommittee vote to approve or disapprove a policy statement, and they share with the Research and Policy Committee the privilege of submitting individual comments for publication, as noted on this and the following page and on the appropriate page of the text of the statement. *

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* Memoranda of comment, reservation, or dissent appear on pages 88 to 91.

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Purpose of this Statement

TEN YEARS AGO, AT A TIME OF GREAT TROUBLE in many urban areas, there was a strong outpouring of business commitment to bring jobs and businesses back to the central city. However in many cases, these commitments were made without an understanding of the problems involved and without the experience necessary to develop effective programs. As a result, many of these efforts failed. Many business leaders concluded that there was really very little they could do that would be effective and lasting. It became, in their minds, primarily a problem for government.

However some business groups continued to work at the problems of the hard-to-employ and began to gain in experience and deeper understanding. In the past two years there has been a renewal of business's commitment to developing jobs for the hard-to-employ and for helping prepare the disadvantaged, particularly minority youths, for steady, responsible jobs. What makes current efforts different from those of the 1960's is that now there is a realization of the difficulties involved and an understanding of the effort that must be put into each job and into preparing each individual for that job.

The CED subcommittee that prepared this report spent two years examining what kinds of programs have worked, what kinds have not, and why. In cooperation with the Work in America Institute, CED has conducted a survey of its own trustee companies and other firms that are carrying out many of the types of efforts called for in this statement. The

results of this survey are contained in *Training and Jobs Programs in Action: Case Studies in Private Sector Initiatives for the Hard-to-Employ*, which is being issued with this statement.

Achieving high employment has long been a national goal. Yet after more than two years of recovery from the nation's worst post-war recession, unemployment rates remain distressingly high.

Over the years, the basic response to high unemployment has been to develop a set of fiscal and monetary policies that can promote a vigorous and sustained demand expansion without causing undue inflation. Yet both business and government are coming to realize that while fiscal and monetary policies and other sound economic policies are essential, special measures are needed to deal with the growing problem of structural unemployment—the kind of unemployment that even in the best of times affects the undereducated, the unskilled, and those who are considered too young or too old, or who are subject to discrimination.

This statement by the CED Research and Policy Committee focuses on ways of overcoming unemployment and underemployment for those groups that typically experience high or prolonged joblessness. From the beginning of this project, we have felt that finding ways to deal with structural unemployment is vital to achieving the longer-term goal of high employment without inflation.

A Practical Approach. One of our major conclusions was that unemployment and underemployment are both costly to society and to the economy. Therefore we believe that the kind of steps we recommend are not only good social policy, but also good business. In addition, we agreed that the principal stress of public policy should be on developing productive jobs rather than on paying people for not working.

Although there is an important role for government in the employment picture, it is the private sector that provides most of the jobs in the American economy. Therefore, the statement calls for increased training and job opportunities in the private sector and stepped-up transition of the hard-to-employ from government income support and subsidized jobs into permanent private employment.

Expanded private sector efforts should not be limited to large corporate employers, but should take advantage of the many opportunities to be found among small businesses.

New Directions for the Private Sector. Both business and government have gained valuable lessons from the training and jobs efforts of

the last decade. During the 1960's many programs were hastily conceived —often in response to various forms of social unrest.

The country has now moved beyond this crisis atmosphere, and there are already many private sector programs throughout the country that are meeting both the needs of business and the hard-to-employ.

The Importance of Work. The subcommittee that prepared this policy statement was also concerned with a concept of work that goes beyond simply being a source of income. Work and the work ethic have intrinsic benefits—to the individual and to society. Work provides a point of identification, a source of self esteem, and a vital part of most people's system of values.

Because of the importance of work, we were also concerned with the social and economic consequences of separating millions of people from productive jobs. In addition to the personal desperation and frustration that stems from unemployment, there are major economic costs in terms of lost output, waste of human and capital resources, and support of an ever increasing number of nonworkers.

While no firm should be asked to make special efforts if it would jeopardize their efficiency, we see several strong indications that both business and society will benefit from an increased private sector commitment to training and hiring the hard-to-employ.

As the economy grows, there will be an increasing need for skilled workers. This need will be even greater if, as population trends suggest, the work force grows more slowly than in the past.

There is also a growing awareness on the part of government that the private sector should play a larger training and employment role and a growing concern over the inflationary impact of broadening the scope of public sector programs.

No one policy or set of programs will work for all businesses. What is needed instead are increased options and incentives for businesses, unions, and profit and nonprofit organizations to enlarge employment and training programs for groups that face special difficulties.

Acknowledgements. The CED subcommittee that prepared this statement brought together an extraordinary range of talents, interests, and experience. The list of subcommittee members appears on page The subcommittee benefited greatly from the skilled and persuasive leadership of its chairman John L. Burns, former president of RCA and former board chairman and chief executive officer of Cities Service Company.

We also wish to extend special thanks to project director Frank W. Schiff, vice president and chief economist of CED, for providing a clear and incisive approach to this complex issue.

We are indebted to the Edna McConnell Clark Foundation for the generous support which has allowed us to produce this statement. We are especially grateful for the Foundation's support of a program of information and education activities which will enable CED to conduct a series of policy forums on this subject in areas of the country where structural unemployment is especially severe.

Franklin A. Lindsay, *Chairman*
Research and Policy Committee

Chapter 1
Introduction and Summary of Major Recommendations

AMERICANS HAVE LONG CONSIDERED it a basic goal to have the opportunity to work, to earn a decent living, and to provide for their families. For the vast majority of adults, what they do to earn that living constitutes a vital part of their identity and sense of values.

Yet, the United States has within its population a growing number of people with special burdens that keep them out of the mainstream of the labor force. Most jobs in this country are designed for prime-age, full-time, socially disciplined workers. However, there are large groups of people in this country who want to work but cannot obtain useful jobs, even in relatively good times, because they

- are undereducated, unskilled, or inexperienced
- are considered too young or too old
- are unable to work full time
- are subject to discrimination or restrictive labor market practices
- lack the basic work disciplines and abilities necessary to get and hold a steady job

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For the past thirty years, high employment has been a major goal of the nation's economic policy. But except during wartime, this goal has rarely been achieved. During recent years, in fact, the official unemployment rate reached its highest level since the Great Depression. In the first eleven months of 1977, the average number of unemployed still amounted to 6.9 million persons, or 7.1 percent of the civilian labor force.

We believe that this country must make a strong national commitment to high employment and to a situation in which the number of job openings essentially matches the number of those seeking jobs at reasonable wages and in which people able and willing to work have adequate opportunities to be trained and guided toward suitable job vacancies within a reasonable period of time. This commitment must, of course, be pursued in a manner consistent with the nation's other major economic and social objectives, especially the need to curtail inflation.

The primary means of developing adequate training and job opportunities is through strengthening the demand for goods and services in the economy as a whole and in particular sectors and regions.

A vigorous and sustained demand expansion is necessary to overcome *cyclical* joblessness (which stems primarily from an overall deficiency in demand). It is also the single most effective means of reducing *structural unemployment* which affects particular groups of job seekers because their educations, skills, or locations do not readily match available jobs or because they are handicapped by discrimination and other labor market barriers. However, experience has shown that by itself, a demand expansion strong enough to result in a dramatic rise in jobs for the hard-to-employ is also likely to create serious inflationary pressures.

But the tasks of achieving sustained high employment and conquering inflation are not mutually exclusive. They can and must be attacked simultaneously. Therefore, any steps toward healthy demand expansion need to be accompanied by a range of measures to make the economy less inflation-prone. These should include steps to increase its competitiveness and efficiency, to eliminate restrictive practices in product and labor markets and to enlarge capacity and supply availability.

In earlier policy statements, CED has dealt extensively with ways to improve overall demand management, strengthen economic efficiency and investment incentives, and fight inflation. We are continuing active studies in all these areas. In addition, our new study *Revitalizing America's Cities* is examining the massive problems of the nation's urban centers, including the plight of the deteriorated inner cities, where unemployment is highest. We will explore ways to create the conditions that might bring needed

jobs back to these areas and, where necessary, to help bring inner-city residents to suitable jobs in other locations. In other studies, we shall examine means of averting or overcoming the special unemployment problems caused by such factors as unfair foreign trade competition and excessive government regulation.

In this policy statement, we are primarily concerned with the urgent need for a wide variety of measures to cope *directly* with the structural unemployment problems of those groups that have consistently had special difficulties in the labor market—particularly the young, the old, and the disadvantaged—and to increase incentives for productive work.

Unfortunately, there is no single solution or major policy program that can eliminate unemployment for all these chronically affected groups. What is needed instead is an integrated set of public and private actions that will benefit groups and areas of the economy with particularly severe unemployment problems without aggravating the existing inflation.

Government programs to train and provide jobs for the hard-to-employ, including public-service employment, must continue to play a major role in national manpower policy. We welcome the recent increased emphasis by both Congress and the Administration on direct measures to deal with the unemployment problems of hard-hit groups, particularly disadvantaged youths and veterans.

However, four out of five jobs in the United States are in the private sector. A stronger private-public partnership must be developed to increase training and job opportunities in that sector and to speed the transition of the hard-to-employ from government income support and subsidized public or private jobs to permanent private employment. Key ways in which this can best be accomplished are the focus of this study. In particular, we recommend the following measures:

- **New and expanded use on a nationwide basis of private-sector programs that already work effectively and creation of a clearinghouse for disseminating information about successful and innovative programs** (see Chapter 4)

- **Stronger organizational mechanisms to mobilize private-sector involvement** (see Chapter 4), including much wider use of

  —direct government manpower contracts with private nonprofit organizations created by consortia of business firms

—other types of intermediary organizations that can help business handle job development, training, and placement activities
—jobs corporations to provide training and jobs for the hardest-to-employ
—cooperative community efforts, involving businesses, nonprofit organizations, unions, schools, and governments, to increase training and job opportunities

- **Increased incentives and reduced disincentives for private employment of the hard-to-employ,** including additional experimentation with categorical tax credits, stipends for trainees and apprentices, selective exemptions from the minimum wage, and increased social security earnings ceilings (see Chapter 4)

- **Improved approaches to the problems of particular groups among the hard-to-employ** (see Chapter 5), including

—increased stress on business involvement in skill training and upgrading of the disadvantaged
—an improved transition from school to work for youths as well as other age-groups, including increased use of apprenticeship and cooperative education programs
—more productive use of midcareer and older workers, including steps to smooth the transition from regular work to retirement
—increased and wider use of alternative work patterns to make more employment available to the young, old, and other workers who cannot conform to a full-time work schedule

- **Greater business use of alternatives to outright layoffs in recessions,** including skill upgrading and work sharing (see Chapter 5)

- **Improved management and closer integration of government programs that facilitate the employment of the hard-to-employ,** particularly the U.S. Employment Service and the Comprehensive Employment and Training Act (CETA) programs (see Chapter 6)

This agenda for action is neither impractical nor visionary. In fact, many businesses, nonprofit organizations, and governments throughout the country are currently carrying out many such programs that are increasing training and job opportunities for the hard-to-employ. In connec-

tion with this policy statement, CED has surveyed its own trustees' companies and other firms and has found numerous instances of successful private-sector programs and constructive business-government cooperation. Examples of these programs are cited in Chapters 4 and 5. We will publish fuller descriptions of close to 60 private-sector programs in a companion volume of case studies.

These and other successful programs can and should serve as models for more action and innovation by both large and small businesses and for more active business-government-community cooperation. Focusing attention on these programs should also help government agencies and civil servants to be more receptive to such initiatives.

To be fully effective, the approaches that we recommend in this statement must be paralleled by continuing strong efforts to overcome the barriers to employment and career advancement that are the result of discrimination. For example, even the best skill-training program for the hard-to-employ is of little use if those who complete it are refused jobs because of their race, sex, or age. There is also a major need for identifying and changing various existing legislative requirements, government regulations, and union or business practices that tend to discourage employment of the disadvantaged and other hard-to-employ groups.

There have been suggestions that the nation can learn to live with unemployment and can simply give income support to those who are poorly equipped to compete for available jobs. However, we believe that this country cannot justifiably deny its citizens the opportunity to work for an adequate income and to be free from the desperation and frustration that frequent or long-term unemployment can bring. Nor can the country ignore the huge economic and social costs of goods not produced and services not rendered and the truly enormous costs of supporting an increasing number of nonworkers. In the long term, such wasteful use of resources is likely to add to rather than curtail inflation.

Both government and business must acknowledge these costs and begin to break down the barriers that separate millions of people from productive work. In doing so, they will find, we believe, that most people want to work, that most of the unemployed are employable, and that most of the untrained are trainable.

Chapter 2
The Dimensions and Costs of Unemployment

TO MANY PEOPLE, it seems paradoxical that this country is experiencing high and continuous unemployment at a time when the total number of jobs is increasing at near-record rates and when in various areas and occupations the number of job vacancies apparently exceeds the number of job seekers. The fact is that today's unemployment is not the result of an absolute reduction in the total number of jobs, as had been true during the recent business downturn. Indeed, the proportion of Americans working today is actually somewhat higher than it was a decade ago. But the number of persons seeking work has risen even faster than the number of available jobs over the decade, and the rate of unemployment is now almost double what it was ten years ago (see Figure 1 and "Changing Character of the Labor Force").

Why is it so difficult to attain high employment? One reason is that the traditional remedy of creating jobs by expanding total demand through fiscal and monetary policies cannot be pushed beyond a certain point without creating serious inflationary pressures. Such inflation would not only be harmful by itself but could also serve to worsen the unemployment problem. Equally important, however, is the fact that traditional

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remedies alone cannot adequately resolve the unemployment problems of many groups that typically experience unusually high or prolonged levels of joblessness: the young, the old, and the disadvantaged, especially blacks and members of other minority groups living in inner cities.

WHO ARE THE UNEMPLOYED?

In 1976, an average of 7.3 million persons, or 7.7 percent of the civilian labor force, was out of work each month. Over 20 million persons experienced unemployment sometime during the year. Many were jobless for a relatively short time; close to 40 percent were unemployed for less than five weeks. However, 32 percent of the total suffered extended periods of joblessness (fifteen weeks or more), compared with 24 percent in 1972.

The official unemployment totals provide only a partial indication of the real extent of unemployment. Not counted in the overall number for 1976 were 910,000 discouraged workers who wanted a job but were not looking for one because they believed that none was available. It is also noteworthy that in 1975 over 4 million persons were employed full time but their income remained below the poverty level.

Heads of households, the group that the public usually associates with high unemployment, constituted less than 40 percent of the total unemployed in 1976. The 5.1 percent unemployment rate for this group was far lower than the national average.

For some groups and regions, however, unemployment has typically been much higher than for others (see Figures 2 and 3 and Table 1 of the Appendix).

- Young people (16 to 24 years of age) accounted for close to half of the total unemployed in 1976, even though they constituted less than a quarter of the labor force. The unemployment rate for 16- to 19-year-olds was 19 percent; for 20- to 24-year-olds, it was 12 percent.

- The 1976 unemployment rate for nonwhites (13.1 percent) was almost twice as high as that for whites (7 percent), roughly the same differential that has prevailed for over two decades.

- Less educated workers and those with limited skills suffered particularly high rates of unemployment. High school dropouts had an unemployment rate of 32.9 percent in 1975. In some inner cities, the

Figure 1. Although the employed proportion of the U.S. population is higher today than it was ten years ago, the unemployment rate has almost doubled, and the number of persons looking for work has risen much faster than the number of available jobs.

unemployment rate for dropouts was reported to be as high as 60 percent.

- The unemployment rate in 1976 for adult women (7.4 percent) was significantly higher than that for adult men (5.9 percent).

- Unemployment was far higher in some cities and areas than in others. In 1976, the central cities of Detroit and Saint Louis had unemployment rates of 13.1 percent and 12.8 percent, respectively, compared with the national average of 7.7 percent.

Although the unemployment rates for older workers were lower than the average, these workers tended to be out of work for a much longer time (see Figure 4). Also—and this is not adequately reflected in the statistics—a significant number of older workers would like to work but have been pressed into early retirement. Moreover, the number of discouraged workers among both older workers and nonwhites tends to be particularly high.

Unemployment problems are multiplied when a person belongs to more than one high-unemployment-risk category. Unemployment among black teen-agers was close to 40 percent in 1976, and the percentage was even higher for black teen-agers living in inner cities.

A major factor complicating the U.S. unemployment problem is the presence and continuing inflow of a large number of illegal immigrants. Estimates of the number of illegal aliens in this country vary greatly, but the total clearly comes to several million. Some recent estimates have placed it at over 8 million.[1] Illegal aliens are often in direct competition

1./ For more detailed discussions, see National Council on Employment Policy, *Illegal Aliens: An Assessment of the Issues* (October 1976), and Economic Development Council of New York, *The Illegal Alien and the Economy* (April 1977).

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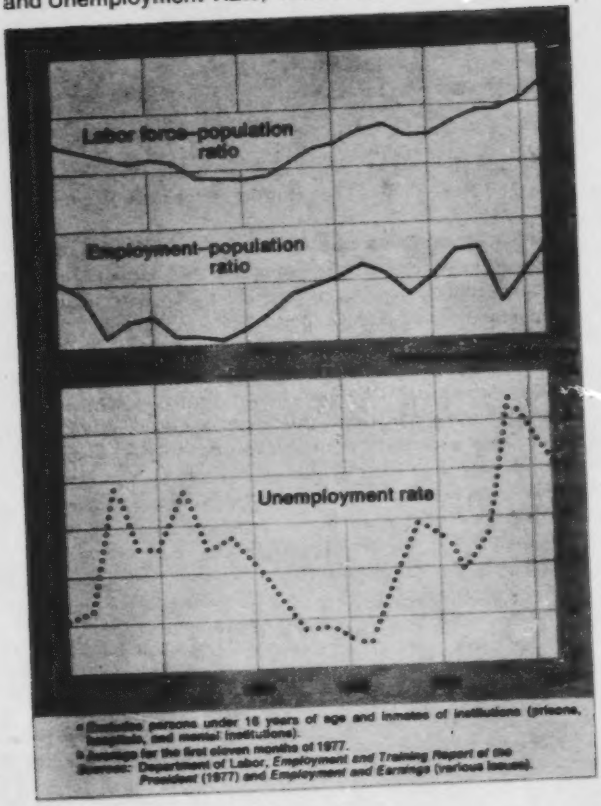
Employment-Population Ratio
and Unemployment Rate, 1956 to 1977



a Excludes persons under 16 years of age and inmates of institutions (prisons, hospitals, and mental institutions).
b Average for the first eleven months of 1977.
Sources: Department of Labor, *Employment and Training Report of the President* (1977) and *Employment and Earnings* (various issues).

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Figure 2. For some groups, unemployment in the last twenty years has consistently been much higher than it has for others—in good times as well as bad. The unemployment rate for white teen-agers has remained three to four times as high as the rate for male adults, and the unemployment rate for black teen-agers has been approximately double the rate for white teen-agers. The jobless rate for adult women has also been persistently higher than that for adult males.

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with the most disadvantaged groups in the regular U.S. labor force for unskilled and low-skill jobs. Partly because of their illegal status, many are willing to accept working conditions and pay not acceptable to legal residents, and employers hiring illegals can often avoid payment of payroll taxes for such workers.

In our view, the illegal alien problem and its relation to unemployment have by now reached such serious proportions that they call for priority attention and action by both government and the private sector. **We urge that a major effort be undertaken promptly to obtain more accurate information regarding the size of the illegal alien problem and to develop remedial steps, such as use of universal social security cards and stronger penalties for employers who knowingly hire illegal aliens.***

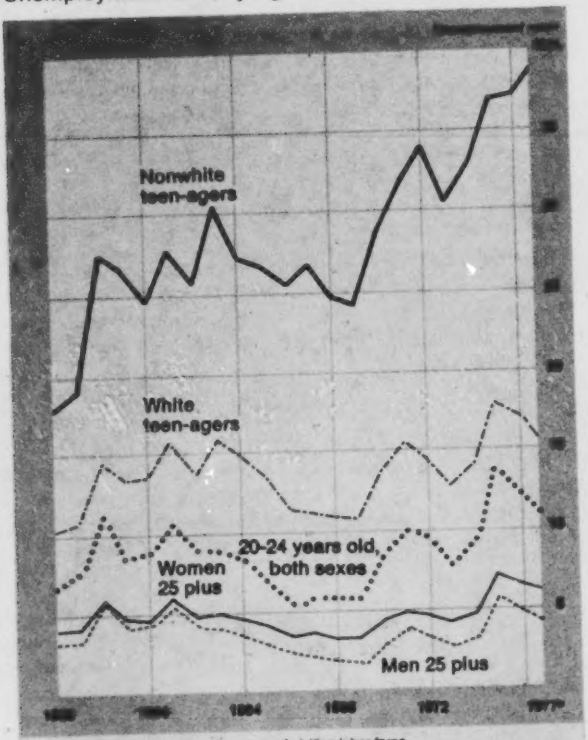
THE CHANGING CHARACTER OF THE LABOR FORCE

Future employment strategies must take careful account of the changing character of the labor force during the next ten to fifteen years. (See Appendix, Tables 2, 3, and 4 for the latest Census–Bureau of Labor Statistics projections of population trends and labor force participation rates and the resultant percent distribution of the labor force according to age and sex.)

Nearly two-thirds of the growth of the labor force over the last decade reflected the large number of women and youths entering the job market. For example, 16- to 24-year olds, represented approximately 24 percent of the labor force in 1976, compared with 17 percent in 1960.

*See memorandum by W. D. EBERLE, page 89

Unemployment Rate, by Age and Sex, 1956 to 1977



a Unemployed in group as percent of civilian labor force.
b Average for the first eleven months of 1977.
Sources: Department of Labor, *Employment and Training Report of the President* (1977) and *Employment and Earnings* (various issues).

Moreover, women constituted 40 percent of the labor force in 1976, compared with 33 percent in 1960.

But this does not mean (as is often mistakenly assumed) that women and teen-agers account for most of the recent *rise* in joblessness. On the contrary, the increase in unemployment associated with the recent recession was most pronounced among adult men and heads of families. Although unemployment rates for these groups are still far higher than at the prerecession peak, these are also the groups that will be more readily absorbed into the work force as the recovery progresses.

In the next ten to fifteen years, labor force growth will be concentrated in the prime-age groups, as persons born during the postwar baby boom move from their teens into their twenties. Thus, although the importance of teen-agers in the labor force will decline only gradually through 1980, it will fall in both percentage and absolute terms by 1990, when they will represent only 6.7 percent of the labor force, compared with 9.5 percent in 1976.

A second major trend will be a continued upturn in the labor force participation of women. According to the projections issued by the Bureau of Labor Statistics in December 1976, the rate of female labor force participation can be expected to increase from 47 percent in 1976 to 52 percent by 1990. In recent months, the rise in this rate has substantially exceeded the projected trend, and it seems quite possible that female participation rates will prove to be considerably higher by 1980 and 1990 than current official projections indicate.

A third factor will be the changing role of older workers. The share of persons aged 65 and over in the total population will continue to rise through 1990. Partly because of the trend toward early retirement, the recent Bureau of Labor Statistics projections indicated that labor force participation rates of workers 55 and older will decline significantly, particularly among men. However, the pending 1977 legislation that would prohibit mandatory retirement before age 70 for most workers could modify this projected decline.

In general, current trends suggest that the coming decade's labor force is likely to be more stable and probably more productive because a larger percentage of the total labor force will become concentrated in the prime age-groups, which have relatively regular attachment to the labor market. These developments may make it easier to achieve somewhat lower overall unemployment rates with given levels of capacity utilization and rates of economic expansion than has been the case in recent years.

Nevertheless, serious problems remain. The percentage of teen-agers

Figure 3: Unemployment Rate, by Race, 1956 to 1977

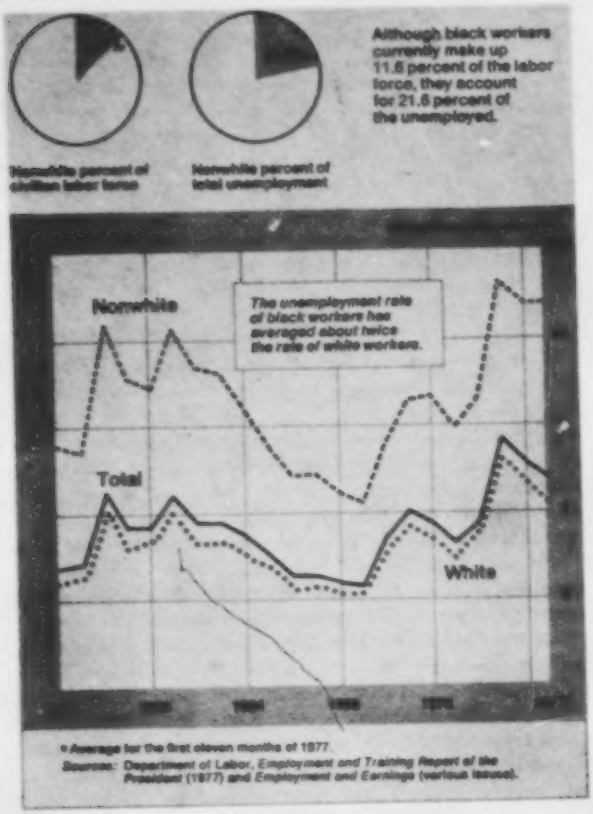

Although black workers currently make up 11.6 percent of the labor force, they account for 21.6 percent of the unemployed.
Nonwhite percent of civilian labor force
Nonwhite percent of total unemployment
Nonwhite
The unemployment rate of black workers has averaged about twice the rate of white workers.
Total
White
a Average for the first eleven months of 1977.
Sources: Department of Labor, Employment and Training Report of the President (1977) and Employment and Earnings (various issues).

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Figure 4. Older workers have lower overall rates of recorded unemployment than other age-groups. However, they include a higher percentage of persons who want a job but are too discouraged to look for work and are not counted as unemployed. Furthermore, when older workers become unemployed, they tend to remain jobless longer than other age-groups.

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in the economy is not expected to drop significantly during the remainder of the decade, and projections indicate that the percentage of nonwhite teen-agers will not drop at all during the next ten years. At the same time, the fact that after 1980 there will be fewer young entrants into the labor force increases the possibility of future shortages of skilled workers. These statistics also raise troubling questions about whether this society may seriously underutilize the productive resources represented by older workers.

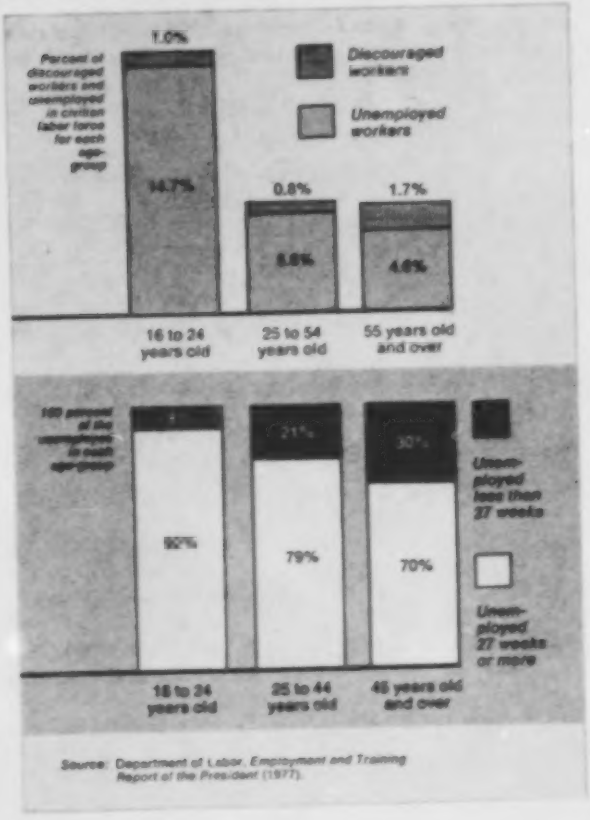
THE COSTS OF UNEMPLOYMENT: HOW SERIOUS?

Although there is a widespread consensus that current unemployment levels are too high, there are different views of how severe unemployment is and by how much it can and should be reduced. However, the full costs of unemployment, not only to the individuals affected but also to all sectors of the economy and society, are often not taken into account.

Economic Hardship. For many, joblessness means serious hardships and deprivation, not only in terms of foregone income but also in terms of lost skills, self-respect, and general physical and emotional well-being.

However, the degree of hardship caused by unemployment can vary widely. For example, there is a difference between the hardships experienced by an unemployed worker who is permanently laid off and by one who expects to be recalled within a relatively short period, particularly if his income is almost fully protected by regular and supplemental unemployment benefits. Similarly, very different problems are faced by the unemployed head of a low-income family and by teen-agers or other secondary wage earners, particularly those from families with above-average incomes.

Characteristics of Older Unemployed Workers, in 1976



Source: Department of Labor, *Employment and Training Report of the President* (1977).

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THE UNEVEN RECOVERY AND THE PROBLEM OF BLACK UNEMPLOYMENT

A striking feature of the economic recovery since the recession trough of May 1975 is that the net reduction in unemployment has been largely due to reemployment of experienced workers in the prime age-groups. For these workers, unemployment had been cut by about one-half by mid-1977. In contrast, there has been little net change in unemployment levels for new entrants or reentrants into the labor force (primarily teen-agers and women). Moreover, reemployment has been lagging for laid-off minority members and workers over 40. In previous periods of upswing, new entrants and other marginal labor force groups were also usually bypassed in the first several years of the recovery (or at least until the expansion became vigorous enough to move the economy closer to capacity levels). But this pattern seems to be more pronounced in the current expansion.

The situation is most serious for black Americans, especially black teen-agers. In November 1977, the black unemployment rate of 13.8 percent was only about ½ percentage point below its 1975 recession peak; whereas the white unemployment rate (6 percent) was more than 2 per-

For many, the extent of hardship associated with a given overall unemployment rate today is less severe than it was ten or twenty years ago. A significantly higher percentage of the labor force consists of teen-agers and adults from two-income families, many of whom are less dependent on full-time employment than heads of households. In fact, more than one-half of today's unemployed come from families that have one or more members with a full-time job. Another major change is the marked improvement in the amount and coverage of unemployment insurance benefits and the dramatic rise in federal income-security transfer payments.

Although these changes have been significant, unemployment still causes considerable hardship. For example, by no means all unemployment of teen-agers and women can be regarded as of secondary importance. About one-fourth of the women in the labor force are heads of

centage points below its record 1975 high. Black teen-age unemployment stood at 39.0 percent, compared with white teen-age joblessness (14.5 percent). This also constituted a widening of the black-white unemployment gap since 1975. A number of factors contributed to these developments. The working-age black population is expanding at a much more rapid pace than the comparable white population. As economic conditions have improved, many blacks who had previously been too discouraged to look for work have started to enter the labor market. Black employment has grown much more slowly than white employment.

In part, this slower employment growth reflects the fact that the largest employment gains in the current recovery have been in industries with a low concentration of black workers. More fundamentally, the disproportionate share of blacks among the unemployed can in large part be traced to the effects of current and past discrimination. As a recent Labor Department study showed, it also reflects the related high concentration of black workers in central cities, where suitable jobs are often unavailable; their disproportionate representation in the nation's poverty areas; their generally lower levels of educational attainment; and their overrepresentation in low-paying, less-skilled jobs.

households, and for many families, regular paychecks for both husband and wife have become a matter of necessity if the family is to maintain its standard of living, particularly at the current high rates of inflation. In coming years, furthermore, more and more women are likely to view regular employment as a basic part of their way of life. In the case of teenagers, it is noteworthy that a sizable proportion of 18- and 19-year-olds is no longer in school. Failure to absorb these youths into productive employment within a reasonable time can do permanent harm to their long-term job prospects. Moreover, for many young people who are still in school, part-time work is often essential to their remaining in school.

A closer look at the unemployment statistics suggests that many of the real hardship cases are concentrated among poor blacks and other low-income families living in inner cities and among those elements in the youth and older populations who have the greatest difficulty coping

with work. It is striking that the share of discouraged workers is particularly high among these groups. For example, inclusion of discouraged workers would almost double the unofficial unemployment rate for all nonwhite men and would triple the rate for nonwhite men between the ages of 45 and 54. Among teen-agers, the most serious problems of unemployment are concentrated among lower-income, out-of-school youths who have been jobless for fifteen weeks or more.

Social and Human Costs. Statistics on income losses by no means tell the full story of the human and social damage that frequent or prolonged unemployment can impose. Many of these costs are indirect and may be felt only after considerable delay. Nevertheless, they are very real.

A recent study conducted at the Johns Hopkins School of Hygiene and Public Health shows a strong correlation between higher unemployment rates and increases in mental disorders, heart diseases, alcoholism, homicide rates, and suicide among adults and in infant and maternal mortality. There is also a positive correlation between the rate of unemployment and applications for disability benefits under social security. Although many of the medical problems resulting from increased unemployment can be traced to the stress, uncertainty, and despair of prolonged joblessness, there are also direct effects. For example, because of the loss of medical insurance benefits, unemployed persons tend to postpone the use of health services, which can lead to increased disabilities.

For some groups, prolonged or frequent unemployment can also lead to alienation from many of the values that are basic to the mainstream of American society, including belief in the work ethic and the importance of a regular day's work. This problem is especially serious for many unemployed youths, particularly disadvantaged teen-agers in deteriorated inner cities who have dropped out of school. Such youths may spend their formative years in a setting in which regular jobs are not readily available and in which many of those with whom they come in contact live in a nonwork environment.

Older workers are also seriously affected by high unemployment. This may seem surprising because average unemployment rates are lower for older age-groups than for younger ones. But as we have noted, the duration of unemployment tends to be greater for older workers, and they make up a disproportionate share of the discouraged-worker category.

Of course, the unemployment problems of teen-agers and older workers are not necessarily separate. When older workers become unemployed, their teen-age children may be forced to leave school to seek a job.

MEASURING HARDSHIP

There is no regular official index that can be used to measure the degree of hardship associated with unemployment. However, one attempt to construct this kind of measurement has been made by Sar Levitan and Robert Taggart, who have proposed the use of the Employment and Earnings Inadequacy Index (EEI). This index initially includes all persons now covered in the unemployment total and those wanting a job but not actively seeking work because they believe they cannot find it, persons working part time but looking for full-time work, and those employed family heads and single persons not living with families whose earnings for the previous year have been below the poverty level. The index then excludes from the total those groups among the unemployed that can be assumed to include many people who are not suffering hardship, including all unemployed persons 65 or older, all those under 22 who are going to school, and all individuals who are members of families earning more than the median income. These exclusions are, of course, somewhat arbitrary and are likely to be on the high side. For example, by no means all unemployed persons 65 or older are without hardship. Using this approach, the index shows that in 1975, 13 percent of the labor force was suffering hardship from unemployment or low incomes compared with the official unemployment rate of 9.1 percent.

Comparable figures are not available for significantly earlier periods. Therefore, the index does not necessarily alter the conclusion that the degree of hardship associated with a given total unemployment figure may have lessened over the past ten to twenty years. However, the index does suggest that the extent of hardship stemming from the combined effects of unemployment and low incomes is still very substantial; it may, in fact, be greater than the official unemployment statistics alone suggest. Moreover, the index highlights the special severity of unemployment and low earnings for nonwhite families. Thus, for black female heads of households, the Employment and Earnings Inadequacy Index amounted to a staggering 56 percent.

Waste of Resources. Even when the potential hardships of unemployment are alleviated by various forms of income maintenance, society suffers a loss in terms of the goods and services that persons who are out of work or underemployed could have produced if they had been adequately employed. Other costs to society arise from a decline of skills and self-confidence through long-term unemployment, reduced training, the loss of tax revenues that would otherwise have resulted from higher output, and the expense of supporting the unemployed. In addition, society suffers major losses in terms of budgetary outlays and deterioration in the quality of life as it tries to cope with the costs imposed by higher levels of crime, illness, alcoholism, family breakup, child abuse, and other social burdens and disorders.

One type of cost involves the loss of output of goods and services when the economy operates below high-employment levels. In the recession year 1975, this loss is estimated to have amounted to about $140 billion (in 1972 dollars) if high employment is associated with an unemployment rate of 5 percent. Also added to this cost in terms of foregone output should be the costs of reduced training and deteriorated skills that are consequences of extended joblessness.

A second measurement of cost focuses on the impact of unemployment on the federal budget in terms of both lost revenues and added expenditures. The Senate Budget Committee has estimated that for each 1 percent increase in the unemployment rate (involving an increase of about 1 million unemployed), the U.S. government lost approximately $12 billion in potential income tax revenue in 1975 and was forced to pay an additional $5 billion for such items as unemployment insurance, Medicaid, food stamps, and welfare. In addition, each 1 percent rise in joblessness was estimated to have added $6 to $7 billion to state and local budget costs through revenue losses and added expenditures. This added up to a total budgetary loss of $22 to $23 billion for each 1 percent rise in the unemployment rate.

The Congressional Budget Office has estimated that in fiscal 1977, federal program outlays for creating employment, increasing worker employability, and providing assistance to the unemployed will total $46.6 billion. This total does not include other federal, state, and local government costs that are indirectly created by unemployment, such as foregone tax revenues and increased expenditures for welfare, food stamps, and Medicaid. Nor does it take into account the added expenses of dealing with increased crime, illness, and other social problems directly correlated with higher unemployment.

Clearly, these numbers provide only a partial indication of the waste of resources caused by unemployment. Eliminating that waste goes beyond measures to secure jobs for the unemployed. The real need is to develop ways to make the most productive use of this country's total work force—of younger as well as older people, of those who could profitably work on a part-time basis, of the unskilled as well as the skilled. Among other things, this calls for eliminating job discrimination based on race, sex, or age; making productive use of persons who are now subject to mandatory retirement but who are able and eager to continue working either full or part time; giving a larger proportion of young people some work experience while they are still in school; and creating part-time or part-year jobs for parents with young children, students, older people, and others who are not able to work full time.

If the nation does not begin to utilize its available labor force more fully and productively, the burden of work will increasingly be imposed on a declining portion of the total population, thus making it more and more difficult for society to bear the growing burden of retirement costs and other social payments.

Unemployment and Inflation. High and persistent unemployment erodes the efficiency and flexibility of the economy. This further cost of unemployment stems from wasteful and inefficient use of human and physical resources as large numbers of persons who are unable to find work or to contribute to society's output have to be supported by society and as many firms are forced to operate below optimum capacity. Moreover, with general slack in the economy, the incentives for investment in both physical and human capital are reduced, and existing skills atrophy. Thus, the economy's ability to produce more during any future period of stronger demand will be handicapped, the risks of capacity and skill bottlenecks in particular areas and industries will be heightened, and inflationary price rises may be triggered more quickly.

The fear of unemployment also promotes uneconomic practices that add to costs and this may generate further unemployment. Attempts by different groups to protect themselves against possible job losses often result in protectionist trade policies, restrictive labor-union practices, and resistance to the introduction of improved production processes. Moreover, the secondary effects of unemployment in the form of increased illness, crime, and social conflict can add significantly to living costs by raising insurance rates and causing retailers to mark up their prices.

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Over shorter periods, increased cyclical unemployment can limit wage demands to some extent and enable some firms to operate more efficiently by eliminating less needed positions. Even when these factors do exert a short-term anti-inflationary influence, however, the immediate benefits must be weighed against the longer-run adverse effects of unemployment on investment, skills, and overall economic productivity.

Appropriately expansive demand-management policies (i.e., fiscal and monetary policies that affect total demand) are, of course, central to any strategy for vigorous and enduring economic growth. However, past experience has made it painfully clear that *exclusive* reliance on strongly expansive demand-management policies to stimulate growth and overcome unemployment is apt to produce high or even accelerating rates of inflation. Properly designed demand policies must be combined with a wide range of other programs in order to improve the likelihood that increased demand will lead to higher employment and output rather than to more rapidly rising prices. The main elements of such a multipronged strategy to achieve high employment without inflation will be examined in Chapter 3.

Chapter 3
An Integrated Employment Strategy

WE BELIEVE THAT CED's long-held goal of achieving noninflationary high employment must be neither modified nor abandoned. Pursuit of that goal is not only sound economics and humane social policy but also good business. *Today more than ever, there is a need for a strong national commitment to high employment that will make it possible for all those who are willing and able to work to find suitable jobs at reasonable wages within a reasonable period of time.*

Adequate job-vacancy statistics that would make it possible to measure progress toward high employment as defined in this statement are not now available. We urge that more intensive efforts be devoted to exploring the feasibility and specific means of developing adequate data in this area and that the newly appointed National Commission on Employment and Unemployment Statistics include this matter as a priority item on its agenda.

SETTING TARGETS

High employment cannot be achieved overnight. Interim targets need to be set to assure adequate progress toward the high-employment

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goal. **Interim high-employment targets and the choice of policies for achieving them should be developed in conjunction with appropriate targets for reducing inflation.** The tasks of achieving high employment and conquering inflation are not mutually exclusive. They can and must be attacked simultaneously.

Because of the changing character and composition of the labor force and the unemployed, interim high-employment goals should not be expressed in terms of a single national unemployment rate. **We endorse the recent recommendation of the National Commission for Manpower Policy that at least three measures be used to assess the nation's progress toward high employment: the overall unemployment rate, the net change in the number of employed persons, and changes in the unemployment rates of the disadvantaged and other groups that typically experience unusually high unemployment.**

As more specific targets, we endorse the commission's suggested rate of job formation in the range of 2.5 million persons a year between now and 1980, a lowering of the overall national unemployment rate to 5 percent by the end of 1980, and a substantially more rapid reduction of unemployment rates than in past recovery periods for those segments of the labor force that tend to experience particularly difficult problems in the labor markets. We believe that these goals are both desirable and attainable *provided* they are pursued as part of a forceful and integrated overall strategy to combat both unemployment and inflation.

ELEMENTS OF POLICY STRATEGY

Expanding Demand. The single most effective means of reducing unemployment is a strong economy. This Committee has long been committed to appropriate demand-management policies that aim at steady but vigorous economic growth to achieve high employment. We reject prescriptions for using massive unemployment or chronic stagnation as a means of combating inflation. Such a course inhibits adequate capital formation, weakens productivity growth, and results in large-scale waste of human skills and resources. It is counterproductive over the long run.

Measures to expand effective demand must go well beyond the use of general fiscal and monetary policies to expand total spending. Within the constraints of a sound overall budget, they must also include specific sectoral policies for such purposes as revitalizing the nation's cities, rehabilitating deteriorated housing and transportation, and accelerating

energy development and conservation. Many of these policies call for more effective basic approaches, rather than simply increasing government outlays. Moreover, in recessions, there is usually need for special government expenditure programs such as countercyclical public-service employment.

A vigorous and sustained demand expansion is not only needed to overcome cyclical joblessness; by and large, it is also the most effective single means of reducing structural unemployment. As labor markets tighten, the incentives for business firms to train and employ the unskilled and disadvantaged increase, the search for available workers becomes more intense, and discrimination becomes more costly. By no means all the structural problems of the more marginal labor force groups disappear as overall demand pressures increase. Nevertheless, past experience has shown that in a briskly growing economy, the scope for finding useful training and jobs for the unskilled, the poorly educated, and other structurally unemployed groups is often much greater than had previously been thought possible.

Anti-Inflation Policies. Unfortunately, the pace of demand expansion that would by itself result in a dramatic reduction in structural unemployment is also likely to create serious inflationary pressures as capacity and supply bottlenecks develop. Such a rapid expansion can also tend to produce skilled labor scarcities and serious cost-push pressures. Accordingly, demand growth should not be pushed to so rapid a pace.

To maximize the scope for demand expansion without intensified inflation, a wide range of policy measures should be used to improve the functioning of the market system, enlarge capacity and supply availability, and generally make the economy less inflation-prone. Such policies include tax and related measures to stimulate more capital investment, steps to anticipate and avert materials and skill bottlenecks, and measures to increase productivity and competitiveness.

Even if relatively vigorous demand expansion is accompanied by specific anti-inflation measures, it does not seem likely that these policies could *by themselves* reduce the overall unemployment rate to less than 5 to 5¼ percent by the end of this decade without producing intensified inflation.[2] That prospect creates a major need for combining such policies

2./ The situation described here is sometimes interpreted to mean that there is no way in which unemployment can be reduced below 5 to 6 percent without a sharp

with more direct approaches for dealing with structural unemployment.

Direct Measures for Attacking Structural Unemployment. A third component of the needed policy strategy, therefore, is the use of a wide range of public and private measures specifically designed to deal with the unemployment problems of particular groups and to strengthen incentives for productive work. Such a targeted approach is needed to achieve major reductions in the chronic unemployment of groups that cannot be adequately reached by other means. Furthermore, by concentrating on high-unemployment sectors or areas in which the risks of inflation are lowest and by raising the productivity of the groups involved, it can also enable the economy to move more vigorously toward noninflationary high employment than would otherwise be possible.

Recent actions by the Administration and Congress have placed greatly increased emphasis on such measures. The new youth employment legislation, in particular, provides a major increase in targeted assistance to youth for training and work experience, and the size of the Job Corps has been doubled. Moreover, the Administration's new welfare reform proposals call for a dramatic increase in welfare clients' incentives to work and for special incentives to do so in the private sector.

The Labor Department has indicated that both the current expansion in subsidized public-service jobs and the projected additional large-scale increase in such jobs under the proposed welfare reform program are to place major focus on new types of jobs to provide needed services to local communities. These are to include improving public safety by patrolling dangerous areas and escorting people through such areas, providing home services and other aid to the elderly and the sick, building and repairing recreational facilities, expanding child-care services, assisting in weatherization of existing low-income housing and in environmental monitoring, and numerous other activities.

We welcome this increased stress on dealing more directly with structural unemployment and the announced emphasis on providing useful work. However, the precise directions that these policies are to take

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acceleration of inflation. This is not necessarily true. As we have noted, the unemployment-inflation relationship can be changed by specific anti-inflation policies aimed at expanding capacity and supply and by measures to reduce structural unemployment. Moreover, changes in the composition of the labor force in coming years, particularly the declining proportion of teen-agers, should tend to lower the unemployment rate at which demand expansion would trigger accelerated inflation.

still need to be clarified. We believe that an effective attack on structural unemployment problems that makes optimum use of both government and private resources should be based on the following general principles:

1. Policy solutions should be carefully tailored to the character of the groups, regions, and problems involved. In particular, a clearer distinction should be made between programs designed to overcome temporary cyclical unemployment and those directed at longer-term structural problems.

2. Government policies should provide for an equitable sharing of employment and training opportunities among different target groups. Greater efforts need to be devoted to developing employment-creating strategies for individual groups, particularly teen-agers and older workers, that are complementary and mutually reinforcing rather than competitive. In cases where competition does occur, priorities should be determined in a fair and carefully considered manner.

3. The principal emphasis of public policies to deal with the unemployment problems of those who are able to work should be on providing useful job and training opportunities rather than on paying people for not working.

4. There should be a substantially greater effort to find or create these added training and job opportunities in the private sector, both profit and nonprofit. Although special public-sector training and employment programs must continue to be a substantial component of the efforts to overcome unemployment, the eventual aim of such programs is to move a high proportion of the persons covered into regular private employment. Direct placement of the unemployed in the private sector avoids the need for such a shift.

5. A range of additional incentives should be developed to help the private sector provide such opportunities, and disincentives should be eliminated.

6. Particular stress should be placed on intensified training of the disadvantaged for job vacancies that already exist.

7. There is a special need for enlarging training and employment in the small business sector. Public policies to deal with unemployment have

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underemphasized this sector. Yet, small businesses account for about one-half of private-sector employment covered by social security[3] and play a particularly important role in many service industries, in which the potential for added employment of the young, old, and disadvantaged is especially high.

8. Public and business policies should be designed to respond to the needs and capacities of unemployed *individuals* as well as to the various groupings in which they are classified.

3./ This estimate applies if the small business sector is defined as including those firms with 100 employees or less. Firms with 500 employees or less constitute about three-fourths of private employment covered by social security.

Chapter 4
Toward a Stronger Private-Public Partnership: Enlarging the Private Sector's Role

WITHIN THE STRATEGY PACKAGE outlined in Chapter 3, a key feature should be the enhancement of the role of the private sector. This will require some changes in approach. The federal budget for 1977–78 provides for a substantial expansion in training and job assistance targeted to the hard-to-employ, particularly youth and the disadvantaged. However, of the total $11 billion budget program devoted to employment and training in fiscal 1978, less than 10 percent is scheduled to be devoted directly to private-sector programs. We believe that this proportion should be significantly enlarged.

THE IMPROVING CLIMATE FOR PRIVATE-SECTOR INVOLVEMENT

Greater reliance on the private sector will not be easy to achieve. Partly because of the recent deep recession, total private-sector involvement in special training and employment programs for severely disadvantaged groups is much less today than it had been in the late 1960s and early 1970s. When private firms are forced to lay off part of their regular

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work force, they usually have little opportunity or inclination to provide extra training and jobs for groups that they are reluctant to employ in more normal times. But other factors also contributed to lagging private support for special training and job programs, including concern that these activities were imposing an undue burden on the firms' regular profit-making operations, disappointments with particular program results, and impatience with the red tape and lack of stability in funding and management frequently connected with federally assisted private programs.

We strongly agree that individual firms should not be asked to create training and job opportunities for special groups if this jeopardizes their efficient functioning. But for a number of reasons, *we also believe that the time is ripe for significantly increased private involvement in such activities in ways that will be sound business practice as well as good public policy*. These reasons include the following:

- If the economy is able to maintain a healthy rate of expansion, business will be in a much better position than it was in the recent period of severe recession to provide special assistance to youths, older workers, and the disadvantaged.

- Both business and government have gained valuable lessons from the experience with special training and placement efforts in the last decade and have developed a variety of new approaches that can be used to overcome past difficulties.

- There is increased recognition that the character of structural unemployment problems will be changing over the next five to ten years and that it is in the interest of business itself to search for new types of solutions to deal with these problems. Business is already finding that many skilled jobs remain unfilled. More business firms see the need for a more productive labor force, for helping to avoid further skill bottlenecks, and for providing greater flexibility in work schedules, job design, and retirement arrangements to assist youths, working parents, and older workers.

- There is increased concern that without greater private involvement, the current rapid expansion in public training and employment programs could lead to excessive increases in public-sector employment and spending and add to inflationary risks. At the same time, the feeling is growing that greater reliance on training and

employment-creating activities in the private sector may in many cases prove to be more efficient and less costly.

- Both the executive branch and Congress are showing increased interest in greater private involvement in special training and employment activities. Numerous special provisions and incentives to facilitate this involvement have been included in recent legislation. In addition, the Administration's proposed welfare reform program provides strong incentives for the placement of welfare recipients in regular private-sector jobs, in part by making it financially more attractive for welfare recipients to accept such jobs rather than specially funded public-service positions.

We do not believe that any one policy prescription or type of incentive to aid the young, old, and disadvantaged will work for all firms or industries or even for different branches of a single firm operating in different parts of the country. Rather, the need is to provide business firms, labor unions, and voluntary agencies with increased *options* to make use of approaches and incentives that will help to enlarge employment and training opportunities for the groups that face special difficulties in the labor market.

PRIVATE-SECTOR APPROACHES AND INCENTIVES: INCREASING THE OPTIONS

New and Expanded Use of Private-Sector Programs that Work. Although *total* private-sector involvement dealing with employment problems has lagged in recent years, there are numerous specific instances of special training and job-creation programs conducted by private firms and nonprofit organizations that are working effectively. Many of these are new and imaginative, and quite a number represent the result of joint efforts by private firms and government manpower programs operating within the CETA framework.

These programs are often small in relation to the size of any one company's total employment, but most are of the type that could be carried out by many other companies in many more communities. *We believe that there would be a substantial increase in the private sector's contribution toward reducing structural unemployment if private programs that already work in some firms and areas were to be adopted on a wider scale nationally and by a much larger number of firms.**

*See memorandum by FRAZAR B. WILDE, page 90

In Chapter 5, we present a number of more specific recommendations regarding key areas in which substantially wider use of existing private-sector activities could make a very substantial contribution toward solving the special employment problems of youths, older workers, and the disadvantaged. These areas include, in particular:

- Improved transition from education to work
- More productive use of older workers and retirees
- Improved job-readiness preparation, skill training, and upgrading for the disadvantaged
- Better matching of job seekers and job opportunities through greater business support for more effective public and private placement services and through development of more flexible work schedules and job arrangements
- Work sharing and other means of minimizing the volume of unemployment associated with given reductions in business activity during recessions

A major obstacle to wider use of existing private-sector programs is the fact that far too little information about the nature and results of such programs is available to the business community as a whole or to national and local government officials. The volume of case studies that we will publish on the basis of the Subcommittee's survey of CED trustee companies will cover only a part of existing private-sector activities that deserve to be more widely recognized. We believe it would be highly useful if such information could be made available on a broader and more continuous basis. **We recommend establishment of a clearinghouse for information about the character, problems, and success of private-sector programs concerned with assisting those groups in the labor force that have the highest or most persistent rates of unemployment. Such a clearinghouse might best be operated by a private organization but should receive active federal support and funding.**

Stronger Mechanisms for Active Business Participation. A key ingredient in many successful business efforts to increase training and employment opportunities has been active and coordinated support by national and local business leadership groups working closely with local

community organizations, labor unions, and government units. Such nationwide organizations as the National Alliance of Businessmen can be a major element in energizing such support. However, some of the most effective cases of private participation have also involved the creation of new types of organizational mechanisms at the local level. Here are four noteworthy examples:

- In Chicago, twenty of the largest companies have combined with twenty leading minority firms and organizations to form Chicago United, which seeks to attack the city's most intractable social problems. The Chicago Alliance of Business Manpower Services (CABMS), a branch of Chicago United, is a private nonprofit organization with a permanent staff that is able to act as a direct contractor for federally financed manpower programs. This organization has been unusually innovative and effective in carrying out a wide variety of activities designed to serve the training and employment needs of marginal groups in the labor force.

- In Oak Ridge, Tennessee, Union Carbide and a group of forty-three Southern colleges and universities have been remarkably successful in jointly operating a technical-skill-training program for unskilled and disadvantaged enrollees and in assuring placement in useful jobs for over 90 percent of the program's graduates.

- With the active support of major business firms and the National Manpower Institute, a network of local education-work councils is being developed in twenty selected communities to facilitate the transition from school to work.

- The Greater Philadelphia Partnership, active since 1974, is a consortium of business leaders that fosters community development and employment in Philadelphia and particularly aids inner-city housing services and supported-work programs for the hardest-to-employ.

We urge leading business firms in communities that have not already formed such special organizations to take the initiative in developing similar cooperative ventures in a form best suited to the circumstances in their individual communites. We also urge national firms that have been leaders in successful programs in their headquarter cities to strongly encourage their local managers to help organize and support similar programs in other areas where the firms have significant operations.

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This Committee has been particularly impressed by the potential of direct contracting for training and employment programs with a private nonprofit organization, such as CABMS, that is formed by a coalition of business firms. CABMS currently handles the direct marketing and management of all of the city of Chicago's federally supported on-the-job training (OJT) contracts with private and nonprofit employers. By making direct use of business experience, expertise, and innovation, this arrangement has led to a sharp reduction in the delays and red tape previously involved in awarding OJT contracts (approval time has been cut from several months to ten days), costs of training programs have been cut significantly, a large number of subcontractors (particularly smaller firms) have been brought into the OJT effort, and various innovative approaches to job placement have been developed. (See Chapter 5 for a fuller discussion.)

We recommend that government-assisted training and job programs make substantially greater use of direct contracts with private nonprofit organizations that are organized by consortia of business firms and community groups.

Strengthening Intermediate Organizations. One of the most important ways of increasing private firms' efforts to overcome structural unemployment is greater use of intermediate profit or nonprofit organizations to handle job development, training, and placement activities for groups with special problems in the labor market. For example, Opportunities Industrialization Centers of America, Inc. (OIC), a nonprofit organization founded and run by blacks that operates in forty-seven states, concentrates on skill training and job placement for members of minority groups. A recent study showed that from 1964 to 1975, 350,000 persons received OIC training, 250,000 were placed in jobs, and retention rates in these jobs were relatively high. Other examples include such community-based nonprofit groups as the Urban League; Services, Employment and Redevelopment (SER); the Boys' Club of America; the Vocational Foundation in New York; various organizations that aid the handicapped; and specialized agencies for the placement of older workers. Some profit-making organizations can also perform valuable intermediary functions.

It is clear that many business firms are reluctant to train or hire the disadvantaged *directly*. However, they will often do so if specialized intermediate organizations help them deal with these groups. For many firms, the use of an intermediary organization means that they can be relieved of many troublesome tasks that skill-training and other programs

might ordinarily entail; this is particularly important in gaining support for such programs among line managers. Intermediate organizations can be very helpful in dealing with the red tape and complications often involved in government contracting, can concern themselves with the inevitable paper work associated with new hirings of disadvantaged workers, and can furnish needed counseling and support services to the individual trainee. Moreover, they help provide continuity for special training and related programs because they have a self-interest in seeing to it that the programs are effective and gain new funding.

Intermediary organizations can also help private firms increase the ways in which they can help the structurally unemployed. For example, firms that are not willing to directly hire workers with special labor market disabilities can still provide physical facilities for training courses, special transportation, and technical advice. Some firms can specialize in providing technical training under contract while relying on intermediary groups to arrange for the placement of trainees. Other companies are willing to hire a specified number of persons who have graduated from special skill-training programs but prefer not to conduct these programs themselves. Specialized intermediate organizations can also be helpful in mobilizing retirees to assist in private-sector job placement of both youths and older workers. (See Chapter 5 for a fuller discussion of this issue.)

We urge that private business firms as well as government training and employment agencies give strong encouragement to greater reliance on intermediate organizations in efforts to deal with the special problems of youths, older workers, and the disadvantaged, particularly in areas of chronically high unemployment.

Greater Reliance on Jobs Corporations for Dealing with the Hard-to-Employ. In our 1970 policy statement *Training and Jobs for the Urban Poor*, we recommended the experimental introduction of a new form of intermediate nonprofit organization known as a *jobs corporation*. This corporation was designed to provide training and jobs for marginal workers and hard-core unemployed who would become the corporation's "employees" and then be placed in training and public or private employment. A special feature of the proposal was that the corporation would be partly financed by welfare and other public assistance funds that would have had to be spent on the "employees" in the absence of the program. Local management of each corporation was to be entrusted to a board of directors that included business representatives, public personnel officers, labor-union officials, and the representatives of client groups.

Since the publication of that statement, an experimental jobs corporation, the Manpower Demonstration Research Corporation (MDRC), has been established that closely follows the format suggested in the statement. MDRC is a nonprofit organization that oversees supported-work programs in thirteen different locations around the country; it currently employs about 1,900 persons. Its clients are some of the most severely disadvantaged groups in the labor force: ex-addicts, ex-offenders, long-term welfare mothers, and minority youths from low-income families. They are provided with partially subsidized (supported) work, both in the public and in the private sector, into which they are moved under conditions of "graduated stress." In time, they are expected to take on regular full-time jobs. Funding is provided primarily by government agencies and private foundations.

The results of the program (which are further discussed in Chapter 5) have been quite encouraging. An initial analysis of a sample of persons involved in the supported-work program showed that after the first nine months of the program, participants worked more hours, earned more money, and received fewer or smaller welfare payments than a control group of nonparticipants equally eligible for the program. There were additional positive results. Those in the program used drugs and alcohol less frequently and were less often involved in criminal activity.

Questions remain about whether a substantial enlargement of the present relatively small-scale experiment would encounter an equal degree of success. Nevertheless, the known experience with MDRC confirms our belief that the jobs corporation model holds special promise as an organizational mechanism for dealing with the problems of the hard-to-employ and for providing the private sector with greater opportunities to participate constructively in that effort.

One major advantage of this form of organization is that it allows strong focus on the problems of the individual. Employees can be placed in different types of training and employment on the basis of their needs and capabilities. There is a central place to which they can turn for special counseling and other assistance. At the same time, the jobs corporation can take advantage of the shifting economic situation to seek out alternative job opportunities for its clients. For example, as the economy strengthens, workers who had been placed in public employment can be shifted to suitable private job opportunities as more of these open up.

Because of the need for more aggressive efforts to deal with structural unemployment problems in the next few years, we urge a major enlargement of the existing jobs corporation effort. The possibility of

utilizing the jobs corporation format for groups other than the most severely disadvantaged should also be explored.

Legal and administrative changes to provide incentives for private-sector training and employment. As we noted earlier, recent legislation governing federal employment and training assistance contains numerous provisions that encourage wider private-sector participation. For example, part of the funds for public-service employment is to be devoted to socially useful projects that can be carried out by private nonprofit groups. The new youth employment legislation provides for a sizable amount of discretionary funds to be used for innovative programs, including those administered by the private sector. Under the newly launched program, Help through Industry Retraining and Employment (HIRE), federal subsidies are to be provided to create approximately 100,000 private-sector job-training positions over the next eighteen months, mostly for unemployed veterans. The HIRE program is being accompanied by a new national drive to induce large corporations to take on graduates of the program as permanent employees.

Government agencies and private firms should make full use of these increased options for private-sector involvement. **We believe that the volume and scope of federally assisted on-the-job training programs should be expanded through simplification of contract procedures and extension of the HIRE program to a larger number of nonveterans.**

Another possible method of inducing employers to train or hire more of the structurally unemployed is the use of wage subsidies in the form of employment tax credits. Congress recently enacted an incremental employment tax credit that benefits firms which raise their total employment to more than 102 percent of the prior year's level. However, because the total credit is limited to $100,000 per firm, this provision is of assistance mainly to small businesses.

We have strong reservations about the economic merits of the incremental employment tax credit, mainly because of the fact that in an expanding economy, many firms will receive the credit for employees they would have hired in any case. Nevertheless, now that this tax credit has been enacted, we believe that information about its availability should be widely disseminated and that business should support efforts to conduct careful evaluations of the effects of the new approach. Moreover, the federal government should give high priority to economic and operational research regarding the use of other forms of wage subsidies as a means of creating jobs for the hard-to-employ.

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Despite our reservations about the *incremental* employment tax credit, we believe that additional experimentation with *categorical* tax credits to subsidize private-sector training and employment is justified. Such credits, which apply only to specified categories of the unemployed, are more likely to add to net employment than incremental credits because they would cover groups not likely to be hired without a subsidy even after the recovery is well on its way. To be sure, there are important disadvantages in using tax credits rather than direct contracts to subsidize jobs, and we continue to favor direct contracts as the primary form of subsidy. Actual experience with one existing categorical tax credit to aid employment, the 20 percent Work Incentive Program (WIN) credit applicable to employment of welfare recipients, has been quite discouraging.

However, given the fact that direct contracts have also had only limited success in the past, we feel that further experimentation with categorical tax credits as an added tool is justified. Such tax credits might be particularly useful for small business firms, and as we have noted, expanding training and job opportunities in the small business sector deserves high priority. Moreover, we believe that improved design of a categorical tax credit may produce better results than those achieved by the WIN program. **Persons eligible for categorical credits should include not only the welfare clients now covered by the Work Incentive Program but also the long-term unemployed and lower-income groups eligible for public-service employment programs. In addition, the credits might be specifically geared to youths and older workers. Experiments might also be conducted to determine whether a higher percentage subsidy of first-year wages and decreasing subsidies in subsequent periods would prove more successful in attracting business participants.**

Reducing disincentives to private-sector training and jobs for the hard-to-employ. Existing laws and regulations contain numerous provisions that inhibit increased private employment for the young, old, and disadvantaged. Some, such as minimum wage laws and social security payroll taxes, reduce employers' demands for labor by increasing labor's price. Others, such as earning restrictions for social security and welfare recipients, hold back the supply of labor.

Before such laws and regulations are modified, however, a number of things should be determined. For example, would a change intended to aid one group cause increased unemployment for another? If so, would the change on balance still benefit the economy as a whole? Would the budget costs involved (if any) be worth the expected benefits? Could the same

amount of dollars be more effectively used in a different fashion? The answers to these and related questions will vary depending not only on the type of disincentive involved but also on the basic demographic and economic changes.

With regard to the possible use of a differential minimum wage, for example, this Committee recommended in *Training and Jobs for the Urban Poor* that "some differentiation in [minimum wage] rates be made for the below-20 age group, the aged, and the partially disabled to avoid the real danger that employers will refuse to hire inexperienced or otherwise less productive workers at wages as high as those required for the more experienced and able." Various attempts made since that time to legislate broad-scale differentials of this type have failed. Labor unions, in particular, have been opposed to such provisions because they fear that jobs would be taken away from prime-age workers.

A number of recent studies suggest that a uniform minimum wage does have some adverse effects on the employment of teen-agers, although estimates about the extent of these effects vary considerably. There is also evidence, however, that a lower minimum wage for all teen-agers would lead to some job losses for adults. Because the main increase in new young job seekers in the next few years will come from the 20- to 24-year-old age-group rather than from the teen-age population, the question is raised whether a lower minimum wage for all teen-agers might not draw an undue number of jobs away from 20- to 24-year-olds at the very time when some of the most serious youth unemployment problems are becoming concentrated in that age-group.

For some youths, lower minimum wages already exist. The Labor Department grants about 155,000 to 175,000 exemptions from the minimum wage requirement each year to full-time students who work part time in retail and service establishments and to some other youths who participate in special training programs. The allowable quota for such exemptions is usually not filled. Procedures also exist for exempting apprentices and handicapped workers in regular private industry, but these have been used only on a very small scale. However, a sizable number of handicapped workers can be employed below the minimum wage in federally subsidized sheltered workshops, such as Goodwill Industries. Federal outlays for vocational rehabilitation of handicapped workers came to about $800 million in fiscal 1977.

We believe that before a lower minimum wage is introduced for all teen-agers, older workers, and the partially disabled, there should be additional experimentation with wider use of administrative exemptions

from minimum wage requirements for selected groups and with simplified procedures for granting such exemptions.* We also believe that much more use should be made of stipends for trainees and apprentices that come to less than prevailing wages and may start below the minimum wage but are then progressively raised as the trainees gain the experience and skill needed to move into regular jobs.

Another proposed incentive to employers to hire young people would be to exempt youths under 21 from the required employer and employee contributions to social security. This would result in a payroll tax savings of about 6 percent for the employer and an equivalent increase in take-home pay for the employee. However, it would also produce a sizable loss for the social security system, which is already faced with major financing problems. Moreover, the proposed exemption would benefit many youths from relatively well-to-do backgrounds unless it was restricted to members of low-income families.[4]

More specifically targeted direct wage subsidies or categorical tax credits, such as those discussed in the preceding section, might be a more effective way to increase employer incentives for hiring teen-agers and others in greatest need of special assistance in obtaining regular employment.

In any event, we believe that careful experiments should be undertaken in selected areas to test proposals for increasing incentives for teen-age employment. Because experience has shown that the long-term prospects of disadvantaged teen-agers greatly increase after they have stayed in one job for six months to a year, these experiments should also cover proposals for special incentives during the first critical year on the job. Such proposals could include exempting teen-agers from social security payments during the first year of employment or offering special bonuses and subsidies for remaining in one job for a full year.

Other possible steps involve the relaxation or elimination of the earnings limits applying to social security recipients under age 72. Under the statutory provisions in effect during 1977, a person's social security benefit was reduced by $1 for every $2 earned in excess of $250 a month

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4./ Restricting the exemption to low-wage *teen-agers* would not necessarily be appropriate. Recent studies show that the family income of low-wage teen-agers tends to be higher than that of high-wage teen-agers.

5./ In addition to this "implicit tax," the earnings of social security recipients are also subject to regular taxes. As a result, the net take-home pay resulting from extra work

*See memorandum by ROBERT R. NATHAN, page 90

($3,000).* For many retirees in need of extra income, however, it would be far more desirable and equitable to earn the added income through productive work. To help deal with this problem, the newly enacted social security legislation provides for a rise in the social security earnings limit for persons between age 65 and age 72 to $4,000 in 1978 and for subsequent annual increases of $500 in the limit until it rises to $6,000 in 1982.

Moreover, starting in 1982, the age at which the earnings limitation no longer applies will be lowered from 72 to 70. However, the new law does not provide for total elimination of the earnings limit. Nevertheless, the issue of total elimination is likely to remain a subject of continuing Congressional and public debate. Such a step, which would benefit the well-to-do as well as the needy, would entail a net cost to the social security system of perhaps $2 to $3 billion a year,* requiring a further increase in the combined employer-employee payroll tax if it were to be financed out of current revenues. This may not be the best way to spend several billion dollars in funds collected through the tax system, particularly in view of the fact that some of the added work performed by social security recipients could result in increased unemployment for groups in the labor force that have more urgent needs for jobs.* These issues will be taken up more fully in a projected CED study of retirement reform.

These reservations do not apply to cases where added work by social security recipients could help to overcome skill bottlenecks and other labor shortages. **We reiterate the recommendation made in our 1970 statement *Further Weapons Against Inflation* that consideration be given to raising the ceiling on earnings by social security recipients in cases where such earnings are derived from work in which certified labor shortages exist.** The total current budgetary cost of such a provision would be modest. Moreover, as the economy moves closer to capacity and skill bottlenecks increase, part of or all the extra budget cost is likely to be recouped as the added availability of older workers with needed skills helps to avoid potential inflationary pressures.

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by persons on social security could in some cases turn out to be less than the costs of working, such as transportation and lunch money.

6/ This could arise because social security benefits would have to be paid to several million persons over age 65 who work but currently cannot draw benefits because of the earnings limit. However, the net cost to the federal tax system as a whole might be less than the figure cited because social security recipients who otherwise would not have worked beyond age 65 would now become subject to income taxes.

*See memorandum by JAMES T. HILL, JR., page 91

Chapter 5
Expanding Training and Job Opportunities for the Hardest-To-Employ: Some Key Areas for Action

IMPROVING THE TRANSITION FROM SCHOOL TO WORK

One of the major sources of high youth unemployment has been the inadequate transition between education and work. For a variety of reasons, including the greater complexity of the subjects to be learned, young people today often stay in school longer than their parents and grandparents did and have little exposure to the experiences they will face when they enter regular employment. The difficulty of transition is further aggravated by the time gap that exists between the age at which young people complete their high school education (17 or 18) and the age at which employers generally begin to hire them for regular entry-level jobs. According to recent studies, about 80 percent of employers start to hire personnel for such jobs at age 21 or 22.

For many youths, neither the experience gained in school nor intermittent exposure to searching for a job and working at the kinds of jobs usually open to teen-agers is an adequate preparation for an adult career. Indeed, many are caught in a classic double bind in which they are unable to get a job because they lack the right kind of work experience but cannot

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get the experience without a suitable job. Nor is the problem necessarily resolved once they reach the age at which firms are willing to offer them regular adult jobs. Many of these youths prove to be far less productive and adaptable than they could have been if the link between learning and earning had been stronger.[7]

An improved transition that makes school and work mutually reinforcing calls for efforts involving all segments of the community and extending through all stages of life. This is an area in which business can play an especially constructive role.

Improving Basic Education. Inadequate school preparation is proving increasingly costly for the private sector, which must often make up for these educational inadequacies through supplemental training or suffer the effects of a less productive work force. **Central to preparing workers for meaningful jobs is a significant improvement in the country's basic educational services for both youths and adults.** At a minimum, primary and secondary schools should be given clear directions and should be held accountable for seeing to it that no student is graduated who is not at least functionally literate. More generally, we consider it particularly important that expectations regarding student performance be set at a sufficiently high level and that laws for compulsory school attendance be more effectively enforced. We also believe that in designing their curricula, secondary schools as well as colleges and graduate schools need to pay closer attention to emerging changes in the types of jobs that are likely to be available.

Improving Job Information, Counseling, and Placement. One way to improve the link between school and work is to help overcome the glaring inadequacies in occupational guidance, counseling, and placement services now available to young people. In particular, there should be:

- *Better occupational information.* Young people need much more information about jobs in their communities, what these jobs are like, and what kind of preparation employers want. **We recommend**

7./ Those who enter the job market as school dropouts are often still worse off. A recently released report by the Ohio State Longitudinal Survey found that over three-fourths of high school dropouts who had aspired to additional schooling in 1966 continued to feel the need for such schooling in 1971.

that government agencies, schools, employers, and unions undertake an intensified cooperative effort to develop and distribute comprehensive occupational information. Moreover, as indicated by the current oversupply of university graduates in various professional fields, there is a major need for improved information on job prospects for college and graduate students.

- *More effective career counseling.* On average, the equivalent of the services of only about one full-time counselor for the school year is currently available for each 1,000 high school students. Moreover, much of that time is spent helping college-bound students select schools rather than helping youths who need jobs. The counselors themselves are frequently unfamiliar with the jobs and careers available. **To help overcome these gaps, we urge more active corporate and union programs that make experienced executives and other staff members available to students as career counselors on a released-time basis.** Special emphasis should be placed on retirees who can provide counseling assistance for extended periods.

- *Improved job placement assistance.* Schools and public employment services have been slow to meet the needs of students desiring work experience and high school graduates needing jobs. Improved placement services should be developed in close cooperation with employers and unions, drawing more extensively on specialized private placement agencies and involving more effective cooperation between local CETA prime sponsors and the state Employment Service offices. Business firms can also do a great deal to give students wider opportunities to visit plants and participate in special programs to acquaint them with the types of tasks these firms perform.

- *Special counseling for the most disadvantaged groups, especially minorities.* These groups have far less access to the informal job search network of employed friends and relatives that is available to other groups; their friends also tend to be severely disadvantaged in the job market. Moreover, many of these youths face special problems in relating to the most basic elements and disciplines of the adult workplace. They can benefit greatly from continuous counseling, starting early in their school career, that focuses on giving them self-confidence, teaches them how to pursue attainable goals step by step, and helps them deal with practical problems and disappoint-

ments after they obtain their initial jobs. For example, organizations such as the Boys' Club of America conduct regular counseling sessions for boys who start working while still in school, enabling them to share with counselors and their peers the special problems encountered in connection with their jobs.

In all these activities, there should be more stress on mobilizing the assistance of retired executives and workers on either a volunteer or a paid basis. Retirees can be of special help to youths because of their wide experience and contacts and their ability to provide special assistance for extended periods.

Integrating Classroom and Workplace. The most promising and potentially far-reaching means of bringing schools, youths, and the world of work closer together is through increasing the ways in which the teen-age years can become a time for gaining experience through *both* schooling and working. Schools need to take as part of their responsibility the arranging of work-experience opportunities and the creation of flexible classroom schedules that will allow youths to take advantage of those opportunities. Employers need to create part-time work-experience opportunities for youths still in school and to enter into joint training-education enterprises with their local school systems. Such arrangements have major direct advantages for schools, youths, and employers alike.

- Schools will be seen by youths as more relevant to the employment world, of being able to demonstrate a clearer connection between basic education and employment, and—by bringing paid work within the reach of students—reducing the lure that employment has in attracting youths out of the schools altogether.

- Youths will have the opportunities to test the employment world *before* leaving school, to gain exposure to one or more jobs before making a choice, to work into a regular adult job on a junior apprentice basis, and to identify their educational weaknesses while there is still time to correct them.

- Employers will have the advantages of stabilizing their supply of entry-level workers through close working arrangements with the schools, of getting workers they have trained on the job and on their equipment, rather than youths with schooling but without the matur-

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ity that comes with job responsibility; and of being able to point out to schools those educational defects in students that can be remedied by the schools before employers hire young people as regular workers.

At the high school level, at least 400,000 youths are now enrolled in some form of work or cooperative education program, and its use is expanding in postsecondary education as well.

- The Skyline Center in Dallas, Texas, is a joint effort of the schools and the business community that involves business firms intensively in career training and counseling.

- The Continental Illinois National Bank and Trust Company in Chicago has evaluated its last three years' experience with half-time employment and half-time schooling for about 500 youths and has found that work-study employees had better attendance records, retention rates, and overall performance than regular employees.

- The General Electric Company has had a long involvement with a wide variety of cooperative education programs across the country.

- A new engineering development program by Texas Instruments provides for four hours of employment each day and for four hours to attend classes at one of the participating schools in Dallas. In addition to assisting youths who would otherwise not be able to pursue an engineering degree, the program provides Texas Instruments with a source of engineering talent for the future.

Thus, integrated education and work efforts have already proved practical. They can be carried out locally. They can be started wherever a school system and employers are willing to work together. There is no need to wait for federal programs or government money (although added assistance is now available under the new youth employment legislation).

But despite the proven advantages of integrated education-work efforts, the total scope of existing programs is far less than seems feasible. For example, Chicago has a variety of well-run cooperative education programs, but they cover only 2 percent of the city's public school students. Elsewhere, some of the more promising efforts in this field have been discontinued because of recession-induced cuts in city budgets. This happened to the pioneering continuing education program in Atlanta, which

operated on a four-semester basis and required high school students to have at least one-quarter of responsible work experience to be eligible for a high school diploma.

We recommend that businesses, schools, unions, nonprofit organizations, and other community groups work together to expand the volume and scope of cooperative education programs linking school and work and that the federal government make greater use of incentive funding to encourage effective work-study programs. We urge business to take the initiative in developing such cooperative arrangements.

Of course, the programs that may be developed should in no way encourage youths to leave school prematurely in order to work, nor should they downplay the inherent value of a general education.

Strengthening Vocational Education. Much more needs to be done to improve in-school vocational education. **Vocational education should be expanded and upgraded and should be brought into closer contact with the world of work and the specific needs of employers.** Moreover, some of the most successful vocational training is conducted outside the regular school systems, notably through career academies and through programs run by such groups as the Boys' Club of America and by 7001 (an organization that concentrates on supplementary vocational education for high school dropouts). In some cases, businesses, unions, and schools cooperate to have vocational education programs help in rehabilitating deteriorated housing in inner cities. All such efforts deserve strong encouragement and support. Serious consideration should also be given to the creation of a national extension service that would make available to workers in urban and inner-city areas the types of basic training and educational services that have long been provided for farmers through the agricultural extension service.

Other Avenues for Improving the Transition. Not all youths are best served by being in either formal education or regular jobs. For many, the important thing is merely to have work experiences that will in some way be useful to them in later life; frequently, these are the youths who have not yet made a definite career choice. Often, their main need is for exposure to the kind of work, some of it quite simple in nature, that introduces them to the elementary disciplines of a job. Others will benefit from wider opportunities for community service, particularly if such service can be usefully combined with various kinds of stipends or delayed payments in the form of tuition credits.

We welcome the fact that the recently enacted youth employment legislation substantially increases the range of such opportunities. Important additional work experience will be provided through the expansion of the Job Corps, a program that permits disadvantaged young people living in inner cities to engage in useful community work. The legislation allows other avenues for youths (primarily unemployed teen-agers from low-income families) to participate in, and obtain academic credit for, a wide range of community projects, such as neighborhood improvements, weatherization and basic repairs of low-income housing, energy conservation, and restoration of natural resources.

We also believe that job opportunities in the armed services should be taken into account in the formulation of a comprehensive policy to combat youth unemployment. Although the military experiences difficulties in attracting sufficient numbers of qualified applicants to fill the 400,000 annual vacancies, it nevertheless rejects more than 150,000 applicants a year who cannot meet physical or mental standards. We recommend closer cooperation between the new civilian programs for disadvantaged youths and the employment and training activities of the armed forces.

Job Corps centers could be used to work with rejected applicants to help them meet military entrance requirements. In addition, the Department of Labor might initiate pilot efforts to provide major assistance in securing employment or training opportunities for military personnel who leave the service before completing their first term. Such a program could help ensure that failure in the military does not result in a lifetime of failure for these youths.

Need for Community Support. An effective attack on the problem of the school-to-work transition requires strong backing and close collaboration of all the major community elements, including businesses, educators, union officials, voluntary agencies, and local CETA organizations as well as government youth service agencies. National public and private organizations can help, but the principal drive for making the programs work must come at the local level.

A number of promising initiatives have recently been instituted by private national organizations to spur the development of collaborative local efforts. The National Manpower Institute, as noted in Chapter 4, has organized a work-education consortium of twenty communities that is forming community-wide education-work councils. Similar efforts are being supported in a number of other communities by the National Alliance

of Businessmen and other business and educational organizations. These programs can serve as models for greater involvement by national business firms in such community efforts.

MAKING FULLER USE OF THE OLDER WORK FORCE

Older workers (officially defined as workers over 40) often face particularly serious problems of unemployment and underemployment. If laid off in recessions, they tend to experience particularly long periods of joblessness. Many become discouraged about finding a job and drop out of the job-seeking process altogether. Even in nonrecession periods, older workers constitute a significant segment of the long-term unemployed, partly because of the lingering effects of the prior recession, partly because of skill obsolescence, partly because of age discrimination in hiring, and partly because of difficulties in finding jobs suited to their needs.

In addition, employment of older persons who want to continue working is frequently curtailed by mandatory retirement at age 65 or even earlier and by the severe limits on the total earnings permitted to social security recipients after retirement.

The personal and social losses from unemployment or wasteful use of the older work force are very serious. Many older individuals are faced with sharply rising prices, skyrocketing medical costs, and an inability to earn an adequate income through part-time or full-time work. Stress and anxieties increase as the people involved become more dependent on the financial resources of relatives and friends or on public assistance. For these people, retirement can represent an abrupt and painful shift from being able to keep up with changing economic conditions to becoming subject to events beyond their control. For society, inadequate use of older persons in the work force can represent the loss of highly valuable skills and human resources.

A major obstacle to a more productive use of older workers and retirees has been the persistence of numerous misleading stereotypes.

One such stereotype is that workers are bound to become obsolete as they move into the middle and older age-groups. Actually, a great many ways exist by which employers and government can enhance worker productivity at all stages of life. There is a major need to strengthen programs to prevent worker obsolescence while the workers are still employed, not

after they have become unemployed. These programs involve effective training and retraining for adult and older workers throughout their working lives, special opportunities for developing second careers, and a variety of efforts to make more productive use of the work capabilities of retirees. Much can also be done through more flexible approaches to retirement and by creating a wider range of job opportunities specifically tailored to the needs of middle-aged and older workers.

A second widely accepted stereotype is that providing jobs for middle-aged and older workers and retirees will necessarily take jobs and income away from younger workers.* It is true, of course, that some competition for jobs among different age-groups is bound to occur. But it is by no means always true that extra work for older workers is against the interests of other age-groups.

- Many jobs especially suitable for older workers, particularly retirees, do not compete with those suitable for other members of the labor force. Frequently, they involve part-time or odd-hours jobs that employers find difficult to fill. Many others call for skills or experience that younger persons do not have. Moreover, as the economy moves closer to capacity and the labor market tightens, there will be a growing need to use older workers and retirees who can provide various types of services that will be in scarce supply.

- Older workers and retirees can increasingly be drawn on to perform socially needed tasks that are now being sadly neglected, including homemaker assistance to young families in which both husband and wife are working, home care to the rising number of elderly persons living alone, hospital work, and specialized counseling and job placement assistance for persons of all ages.

- In many cases, extra work and income for middle-aged and older workers or retirees is of direct aid to their children and families. It often means that sons and daughters who would otherwise have to drop out of school can continue their studies and that housewives who had only started to look for work because their husbands were unemployed have the option of returning to homemaking. The ability of older persons to earn an adequate income in addition to their social security benefits can relieve their children and others in the family of major financial burdens.

*See memorandum by FRANCIS E. FERGUSON, page 91

- There are 30 retired social security beneficiaries for every 100 taxpayers today. If present trends remain unchanged, this ratio is expected to be 45 to 100 by 2030. Unless a larger number of older workers and retirees contribute in some way to productive work and total tax payments, the overall economic and tax burden on the rest of the population will become increasingly heavy.

A third stereotype is that the early retirement of workers during recessions is invariably less burdensome, more humane, and more effective in coping with business slowdowns than full or partial layoffs of younger workers. Again, this is not necessarily valid. (For a fuller discussion of this issue, see the final section of this chapter, "Minimizing Unemployment in Recessions.")

We urge business and government to increase training and job opportunities for midcareer and older workers as well as for retirees in ways that will make maximum use of these groups as a productive resource. This can be accomplished through a number of approaches:

Continuing Education, Skill Renewal, and Retraining. Close integration of education and the workplace should apply to workers at all stages of life, not merely to the young. Employees at all age levels should have access to continuing education and periodic opportunities for skill renewal and retraining. This applies particularly to the broad spectrum of industries and occupations where the processes of innovation and automation are producing major changes in job tasks.

Responsibility for providing such opportunities falls jointly on public and private educational institutions, employers, labor unions, and community organizations. Most communities need a substantial expansion of publicly supported adult education and training facilities.[8] As one way to assist this process, we believe that serious consideration should be given to recent proposals for using publicly supported universities to provide the same wide range of adult education and technical training facilities to urban wage earners that has long been made available to farmers through the agricultural extension service. A constructive step in this direction is the current effort by the American Association of Community

8./ Over the next decade, such an expansion should also help to offset the slack in demand for the services of already trained teachers and for the use of existing educational facilities that might otherwise emerge as a result of the slower growth of the school-age population.

and Junior Colleges to stimulate the provision of services by community colleges to older adults who seek work or other meaningful service. The use of government support of deferred educational grants for middle-aged and older workers should also be explored, particularly for those who have never been able to finish high school.

Even if public education facilities are expanded, much of the task of preserving and increasing the skills and interests of middle-aged and older employees must be carried out by employers, in many cases in close collaboration with unions. Many companies not only offer periodic opportunities for skill renewal and upgrading but also provide training and other assistance to employees who wish to develop a second career. Special attention should also be paid to helping women in their middle years who reenter the labor force after years as homemakers.

Reassignment and Second Careers. The extent of job changing and movement into second careers in the American economy is growing, particularly for workers over 45. An increasing number of companies are finding it cost-effective to support midcareer changes by their employees through reassignment or retraining. Many firms also find it beneficial to help employees change to new careers that they can pursue elsewhere or after retirement. The mere knowledge that such options are available often makes an important contribution to employee morale and productivity, particularly in jobs involving high stress and rapid obsolescence.[9]

In view of the growing number of second careerists in their forties and fifties, business firms should reexamine their negative preconceptions about older job applicants. Apart from the fact that firms have a legal obligation not to discriminate against workers between the ages of 40 and 64, many need to take fuller account of the skills, experience, and maturity they can gain through hiring older workers.

The development of systematic career appraisal and planning systems can help detect changes in career interests, even among more experienced and skilled workers. Employees can then be assisted in reassessing career choices and making better decisions about possible changes in job assignments, work schedules, or levels of stress and responsibility.

9./ One of the most comprehensive second-career programs in the nation is conducted by the Federal Aviation Administration for its air-traffic controllers. The agency actually pays the full cost of retraining and full salary for up to two years to middle-aged air-traffic controllers who become disqualified. Although this program covers highly specialized employees in the public sector, some of its elements may be applicable to selected employment situations in the private sector.

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Job Retention. Business firms should avoid unnecessary dismissals or early retirements of older and middle-aged workers because of technological changes or recessions (see "Minimizing Unemployment in Recessions"). Firms with many branches and locations can make sure that persons no longer needed in one place will have the first opportunity for openings elsewhere within the company, if necessary after some retraining financed by the firm. Johnson and Johnson, for example, has established a headquarters job bank that matches displaced or laid-off employees with specific openings in any unit of the company. Other firms that apply such practices extensively, such as IBM and General Electric, report that older workers respond with a high degree of company loyalty and a greater willingness to adapt to technological changes and reassignments.[10] Although the success recorded by these companies with such policies cannot necessarily be duplicated by firms with different products and vulnerability to cyclical patterns, elements of such policies can probably be effectively used by many more companies than is now the case.

Better Transition from Work to Retirement. Another major ingredient of policies for more productive and humane use of the older work force is to provide for a less abrupt transition from regular work to retirement and to postretirement activities. This Committee plans to deal in greater depth with issues of retirement policy in a future study. However, there are already trends that point to numerous options for improving the transition from work to retirement.

Many firms and institutions have never adopted mandatory retirement. Some have dispensed with such policies and substituted more flexible arrangements. Proposed legislation would prohibit mandatory retirement before age 70 for most workers. Exemptions are being discussed for special cases, such as college faculty members and senior corporate managers. Where mandatory age limits do apply, a great deal can be done to provide for a more gradual shift to less demanding and stressful work well before the formal retirement age is reached, including lateral transfers, shifts to permanent part-time work, and greater flexibility in work scheduling and assignments. For example, one firm permits its em-

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10./ IBM, which since 1970 has retrained over 7,000 of its employees and relocated about 11,000, also makes it a practice to move work to facilities that have surplus people. The company reports that, as a result of its traditional policy of assuring company-wide full employment, no employee has lost any time through involuntary layoffs during the past thirty-five years, despite recessions and major product shifts.

ployers to shift to a four- or three-day workweek one year before retirement with comparable reductions in pay. In an increasing number of cases, firms are also arranging for retirees to return to work on a part-time or nonregular basis.

Tapered retirement can help older workers and retirees to supplement their income and retain a sense of continuing usefulness through productive work. At the same time, employers are able to call on experienced and reliable personnel for a variety of special tasks. Many companies also report that a mingling of experienced older workers with younger employees leads to significant net gains in efficiency and morale.

There should also be new types of job opportunities especially tailored to the needs of older people and their employers. One such technique is the use of a *ready reserve force* of experienced retired personnel that is subject to recall on a part-time or full-time basis during periods of peak work loads. Another is *job sharing*, in which two persons working part time at different hours during a given day or on alternate days, weeks, or months are responsible for carrying out one full-time job.

Among noteworthy efforts by business firms and financial institutions to stimulate postretirement careers for their former employees are the following:

- Several companies in the Los Angeles area have contracted with a nonprofit agency called Second Careers to help place retirees in paying jobs, in meaningful volunteer roles, or in training to form small businesses.

- The Equitable Life Assurance Society of the United States operates its own retiree volunteer program, through which retired managers or agents are referred as consultants to community agencies that need their expertise.

- IBM provides education grants of $500 a year for five years to any pre-retiree or retiree who wishes to develop a second career or retirement interest.

One major reason for greater use of tapered retirement and the use of retirees on a part-time or nonregular basis is the growing evidence of the adverse effects of abrupt retirement. For example, the highest suicide rates in this country are found among men aged 64 and over. Many re-

tirees suffer from loneliness, alcoholism, or withdrawal from community and social activities. Hence, in addition to providing more part-time or nonregular work opportunities for older workers, an increasing number of employers are developing extensive preretirement and postretirement counseling assistance, often in cooperation with local unions.

We urge employers to foster a smoother transition from regular work to retirement and to valuable postretirement activities.

JOB PREPARATION, TRAINING, AND UPGRADING TO AID THE DISADVANTAGED

We believe that greatly increased private and public training opportunities should be central to any attack on persistently high unemployment, particularly for the disadvantaged.* Instead of concentrating on low-skill, dead-end jobs, the approach we favor would reduce the chronic structural unemployment problem on a permanent basis, increase productivity, and help avert potential inflationary pressures from future skill bottlenecks. Even now, many actual potential job openings exist that could be filled if properly trained personnel were available. As the economy expands more strongly, many more vacancies requiring special skills and capacities will emerge. These could be filled either by drawing directly on newly trained workers who are now unemployed or by upgrading currently employed workers and thus opening new entry-level job opportunities for the hard-to-employ.

More and better training is essential because the extraordinary longer-term changes in the economy and in the composition of available jobs are not being adequately matched by needed adaptations in the work force. The economy is becoming less dependent on muscle power and more dependent on professional, technical, and clerical skills. At the beginning of the century, over one-half of the total work force was unskilled; today, that figure is less than 10 percent. Moreover, there is a continuing shift from blue-collar to white-collar job openings, particularly in the service field. Yet, there are large numbers of people in the work force who currently lack the most elementary qualifications for filling such jobs, and existing training and education efforts for these new types of jobs are sadly inadequate.

If the disadvantaged are to help fill these needs, a wide range of

*See memorandum by FRANCIS E. FERGUSON, page 91

special development efforts is required, aimed at job readiness, skill training, general education, counseling, job placement, and skill upgrading. As many manpower projects of the last five years have demonstrated, disadvantaged and inadequately skilled persons can be brought up to the performance level of other employees given time, thorough training, and special services. Many firms have found that the graduates of special programs for the disadvantaged perform as well as, or even better than, people hired through normal channels.*

Clearly, the type of preparation and training suitable for the disadvantaged and other hard-to-employ groups must vary according to the particular group involved. For young teen-agers and others with little work experience, even menial work that introduces them to the elementary disciplines of the workplace may be adequate.[11] Others need more technical or professional training. In other cases, the emphasis should be on upgrading. The following paragraphs outline key areas (in addition to improved vocational guidance and training) in which we believe that significantly stepped-up training and education efforts based on a constructive government-private partnership are particularly desirable.

There should be a major increase in the volume and coverage of apprenticeship and similar programs to enlarge the supply of highly skilled workers. Apprenticeship programs do not exist in many growth occupations in which there is a strong need for more skilled employees, especially auto repair, health care, some energy-related activities, and numerous other service jobs. Moreover, systematic training in service-sector management techniques is widely needed.

Some labor unions and some employers have been reluctant to support wider use of apprenticeship programs. **We urge government, business, and unions to cooperate in strengthening apprenticeship or com-**

11./ A corollary is that job-entry requirements for such workers should be based on their capacity for doing the jobs in question rather than on high school diplomas or purely academic tests. Although there is indeed a major need for better basic education, disadvantaged youngsters in their late teens or early twenties who have dropped out of school and are in need of jobs to support themselves should not be barred from useful work by excessive emphasis on academic credentials. A recent study by the Vocational Foundation shows that this emphasis is often a principal barrier to needed employment of the most disadvantaged inner-city youths. For many of these young people, entry into a regular job can be the alternative to "hustling" or welfare and can provide the best chance for giving them needed training and opportunities for further education.

*See memorandum by FRANCIS E. FERGUSON, page 91

parable high-skill-training programs and in using them in a much larger number of occupations. Entry into such programs should be based solely on merit, and the programs should be open to midcareer and older workers as well as to youths. We also recommend increased financial incentives for apprenticeship programs, primarily in the form of training stipends that would in some cases start below the minimum wage level and move step by step toward the going wage rate for the jobs in question. In addition, we support greater experimentation with training vouchers in connection with apprenticeship and other skill-training programs. Such vouchers could improve the quality of the training by enabling apprentices and trainees to shop around for the best available training opportunities.

Greater emphasis should be placed on expansion of on-the-job training programs. We believe that such a step-up is possible if nonprofit organizations formed by major business firms and minority enterprises can work under direct contract with CETA as turn-key operators for administering and monitoring the programs. Such an arrangement could help secure the cooperation of a significant number of smaller firms, particularly in inner-city areas. In addition, there should be wider use of training subsidies, in the form of either simplified direct contracts (mainly for larger business firms) or special incentives (mainly applicable to smaller firms). In most cases, subsidies paid should be substantially larger during the critical first six months to a year.

More stress should be placed on private-sector training programs in poverty areas, both urban and rural. A number of such programs have been conducted successfully in the past.[12] Programs of this kind can be particularly effective in reaching unskilled youth in inner-city or rural poverty areas, where the highest unemployment rates are registered.

Federally assisted training programs should put more emphasis on upgrading employees from entry-level jobs. Appropriate career ladders are needed, supported by both on-the-job and off-the-job training and counseling. Equal employment and affirmative action programs can give a major impetus to such employee upgrading, but additional financing for CETA and related government assistance programs is also desirable.

Strong encouragement should be given to qualified private intermediate organizations that carry out job-readiness and skill-training pro-

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12./ Examples are the IBM Bedford-Stuyvesant facility in Brooklyn, Control Data Corporation plants in Minneapolis and in Washington, D.C., and a computer plant in Kentucky using a rural poverty work force.

grams in simulated work settings. These include special skill-training centers, such as those conducted by OIC, and special institutes and training centers sponsored by individual corporations. Much wider use should be made of highly focused technical training programs, such as the Training and Technology program in Oak Ridge, Tennessee (cited in Chapter 4). In this joint effort by government, universities, and private corporations, training is closely linked to the employers' needs and to the job market in technical occupations. In this instance, the trainees, most of whom are young and disadvantaged, are trained in a factory setting, according to actual plant rules and discipline, by instructors furnished by Union Carbide.

There should be increased efforts to draw gifted minority individuals and women into professional fields where they have been largely absent, such as engineering, the higher levels of business administration, accounting, law, and medicine. These people need various kinds of special training and support, often at younger ages. One excellent example is provided by Inroads, Inc., an organization incorporated in five cities (Chicago, Saint Louis, Milwaukee, Cleveland, and Pittsburgh) that is supported by government funds and by major corporations. Inroads provides precollege and college training for the gifted poor from black and Hispanic backgrounds to help prepare them for business and engineering careers. With the help of corporations and educational institutions, a considerable number of other organizations have also been established to increase the proportion of minorities entering engineering. With added organizational efforts and incentives, the number and scope of such programs could be substantially increased.

Very special kinds of training must be offered to the most severely disadvantaged who have basic difficulties in relating to the world of work. This type of training, often in the form of supported work, involves learning job discipline, punctuality, relationships to supervisors and peers, and a sense of quality control. As indicated in Chapter 4, we believe that for this group, a major expansion in the use of jobs corporations is appropriate.

BETTER MATCHING OF JOB SEEKERS AND JOBS

Increased employment for youths, older workers, and the disadvantaged depends on better education and training as well as on breaking down legal barriers to their employment, inflexible industry and union

practices, and discrimination. But even when persons in the target groups have become job-ready and when possible vacancies exist, there are often major problems in matching these job seekers with suitable job opportunities. This section focuses on a number of approaches for helping to deal with this problem that we regard as particularly promising and that call for greater private initiatives or public-private cooperation.

Strengthening the Employment Service. The United States Employment Service (ES) has special responsibilities and opportunities to find jobs for groups with particular difficulties in labor markets. Yet, its overall contribution toward this goal has fallen far short of what seems either possible or desirable. We believe there is need for a far more aggressive effort than has yet been mounted to make the Service more effective. In Chapter 6, we discuss ways in which the Employment Service can be improved through organizational changes, notably much closer coordination with federally assisted CETA programs. Various other improvements, such as expansion of computerized job banks to include listing of both job applicants and job openings, are also urgently needed.

A central requirement for increased effectiveness of the Employment Service is establishment of a more productive relationship with employers. The Service has little chance of success if employers will not list their job openings with it. This aspect of the Service's operations has often been badly neglected, but in the last few years, ES has made a special effort to improve its services to employers. Although some of these efforts have been encouraging, they have been carried out in only about 10 percent of the local ES offices. **We urge that a much more forceful effort be made to develop improved services to employers by Employment Service offices throughout the country.**

One of the best ways to cement a mutually beneficial relationship between the Employment Service and employers is the use of Account Representatives. Under this arrangement (which has been used with particular success in Chicago and Pittsburgh), potential employers deal with a single designated ES officer, a process that provides accountability and continuity of service. Each ES Account Representative is assigned a block of companies, preferably those with similar occupational lines, and assumes full responsibility for all job orders, including screening, referral, verification, and other follow-up functions.

This procedure permits the Account Representative to work closely with selected companies and to develop expertise in filling their needs. **We urge further development and wider use of the Account Represents-**

tive system. We also recommend further development of the practice, already followed in some centers, that involves personnel exchanges between the ES offices and given employers in the interest of a better reciprocal understanding of needs and services.

The Account Representative system should be combined with increased use of applicant officers in CETA prime sponsor offices. These officers would be responsible for a block of applicants and would follow each applicant from admission to the program through training and referral for placement. Particular applicant officers should specialize in handling older people, younger persons, or the disadvantaged. In effect, these applicant officers would become ombudsmen for persons with special difficulties in entering the labor market; they would advise Account Representatives about the best strategy for placing such persons. The applicant-officer function can also be subcontracted to private employment agencies that have special interest and expertise in the problems of particular groups, such as older workers. (See "A Larger Role for Specialized Job-Finding Agencies.")

We believe that this arrangement will be more effective in placing special client groups than the existing formal requirements for assigning priorities to certain groups. By working closely with both employers and CETA, Account Representatives may also be able to negotiate agreements to hire more of the disadvantaged, old, or young. In this way, they not only fill an employer's job needs but also help employers to fulfill their affirmative action obligations.

A Larger Role for Specialized Private Job-finding Agencies. For many of the hardest-to-employ, in good times as well as in recessions, the usual kind of job placement efforts carried out by the Employment Service and regular employment agencies are simply not enough. These people include our most severely disadvantaged youths, many of whom are school dropouts or have criminal records or drug problems or are handicapped, and many older persons who may be entirely job-ready but who have become discouraged from searching for a job because of the difficulties of locating suitable opportunities on their own.

For these groups, it is not enough to point out job openings listed by employers. Instead, an intensive effort is required to seek out or develop job opportunities that fit their individual capabilities and requirements. In many cases, it calls for special full-time or part-time jobs for which somebody is willing to pay but which are currently nonexistent. Often, it also calls for seeking out disadvantaged persons for whom job openings

are available but who are unaware that such opportunities exist. In fact, it is quite common for agencies specializing in this work to succeed in developing more job opportunities for disadvantaged workers than they are able to fill from their current pool of job seekers.

Such tasks can in part be carried out through the vocational training and guidance work of secondary schools, by CETA and other public agencies, and by community-based organizations that also carry out other functions. But we believe that there is particular promise in wider use of specialized nonprofit job placement agencies for the difficult-to-employ that receive partial support from public funds. A number of such organizations already exist and have had notable success in particular communities.

- The Vocational Foundation in New York City, which has operated since 1936, finds jobs for disadvantaged youngsters 16 to 19 years of age who have had some past trouble with delinquency and have few marketable skills. In 1976, the foundation dealt with 2,400 youths, developed 3,700 job openings, and placed about 1,100 youths in jobs. (Before the recent recession and New York's financial crisis, the total number of placements was about 3,000 a year.) Although this organization has had a remarkable record as an employment agency of last resort, its specialized services reach only a small proportion of the total number of youths in New York City who need this kind of assistance. Furthermore, in most cities, this type of service is simply not available.

- Various intermediary nonprofit organizations in many communities bring together employers and older workers. Two of the largest of these are Retirement Jobs, Inc., in the San Francisco area and the Senior Personnel Employment Committee in White Plains, New York. Both operate a number of offices in their target areas and use both volunteer and paid older workers for job development and referral functions. The Senior Personnel Employment Committee, which has existed for about twenty-five years, currently finds jobs for about 700 older workers annually.

These specialized agencies provide highly individualized counseling and support services both before and after placement or training. The Vocational Foundation has found that such services make a critical difference in job-retention rates for the youths they place. Without such

support, half of these youths usually drop out of the work force in the crucial first six weeks.

Another important advantage of specialized private agencies is their ability to develop suitable job opportunities with medium-sized and smaller firms. Many of the jobs suitable for the hardest-to-employ are with small firms, particularly in the service industries. Yet, these very firms often do not use regular private employment agencies or the Employment Service. However, once contacted by a representative of a specialized job-finding agency, smaller firms are often more receptive than larger ones to hiring youths as well as older workers because their recruitment specifications tend to be less formal. Moreover, both young and older persons who have had difficulty in securing jobs often respond more favorably to the more informal atmosphere of smaller firms.

Although such agencies perform useful services, they reach only a small proportion of the people who need assistance. **We urge that government and the private sector support wider use of specialized private job placement agencies for hard-to-employ groups.** Such an effort should include these major ingredients:

- Business leaders, working with government and community groups and federal manpower programs, should take the initiative in encouraging the creation of such agencies in areas where they do not now exist. Very often, all that is involved is the addition of this function to programs of existing agencies.

- Government agencies, including the Employment Service and CETA, should subcontract with specialized private job-finding agencies to help cope with the special placement needs of disadvantaged persons.

- Financial incentives should be used much more aggressively to encourage creative entrepreneurship in the placement of hard-to-employ youths. We urge federal support, through CETA or other suitable agencies, for responsible private job-finding agencies that pay commissions to job developers working full or part time. The amount of commissions payable under such government contracts should be liberal enough to provide strong incentives for a major increase in the volume and intensity of job-finding activities. Commissions would have to be contingent on verification of placement and a minimum period of job retention. Moreover, the private job-

finding agencies aided by public funds should be held accountable for high-quality service provided by its commission workers.

- In staffing these agencies, major emphasis should be placed on the use of qualified older persons, both as commission workers and as volunteers. This practice is already successfully used by many existing agencies. **As a special incentive for increased reliance on older persons, we urge that commissions or other remuneration paid to job developers in qualified job-finding agencies be exempt from the limitation on earnings applicable to social security recipients.**

This approach would help solve two persistent unemployment problems simultaneously. It would provide many older persons with part- or full-time work and at the same time bring to the young the experience, know-how, and network of contacts of people who have the time and patience to find ways of remedying the deficiencies and removing the obstacles that have made employment for young people so difficult.

Many older persons are already known to be efficient job developers, in part because of their wide familiarity with employers.[13] With a special stress on older staffers and greater financial incentives, it should be possible to enlist a much larger number of qualified job developers than is now possible.

Adapting Jobs to People: Alternative Work Patterns and Designs. Often, a better match between people and jobs will call for basic changes in the nature of the jobs themselves. Most jobs are still designed for prime-age, full-time workers operating in a factory, office, or store on a relatively rigid time schedule. However, because of changes in the composition of the labor force and in life-styles, there are many people today who are willing and eager to work but who find that they do not or cannot fit into such a restricted job design. For these people, getting jobs and becoming productive members of the labor force often depend upon the availability of work opportunities more closely tailored to their needs, such as flexible hours and part-time work.

Such people include youths who are still in school or are participating in special training programs, working parents with children and other home responsibilities, older workers who need relief from high-stress work

13./ According to a 1974 Louis Harris survey, 135,000 Americans who are 65 or older are already engaged as volunteers in providing employment services.

schedules, and retirees who are only able to work part time and are subject to social security limitations on outside earnings. Such alternative work arrangements are especially important for the disadvantaged, such as women heads of households on welfare who want to work but must devote part of their time to taking care of school-age children. But alternative kinds of work opportunities are often also needed to attract a larger proportion of high-skilled workers into the labor force and thereby reduce the risks of future skill bottlenecks.

Flexible working hours are now being used in over 6,000 European companies and have been adopted by several hundred larger American concerns. "Flexitime" is now being given a three-year test in certain federal agencies. Some of the larger private firms that have used this technique, such as the Metropolitan Life Insurance Company in New York, have found that it increases employee morale and sense of responsibility, reduces absenteeism, and improves productivity.

Part-time employees are one of the fastest-growing components of the U.S. work force. As recently as 1970, 1 out of every 8 workers was a part-timer. Today, 1 out of every 5¼ employees works part time. About two-thirds of all part-time employees are adult women. Reliance on part-time work is widespread among teen-agers and persons over 60.

Although many part-time jobs are temporary and involve only short hours, a growing number of part-timers work on a permanent schedule. Permanent part-timers, many of whom are older housewives with fixed family responsibilities, are used on a large scale by department stores and other retail outlets, insurance companies, and financial institutions. Many manufacturers are also making substantial use of part-time workers. For example, one large pharmaceutical company has a part-time work force that is three times as large as its full-time work contingent. These employers find that part-timers do not fit the stereotype of marginal, temporary, or uncommitted workers. They are a stable work force of individuals who want regular but not full-time work.

Business firms are increasing their use of special work schedules that fit the requirements of particular groups of workers as well as the requirements of the firm. For example, in some companies, older workers are employed on a schedule of two or three days a week as well as on special shifts. Other special time arrangements that can be particularly helpful to older workers include job sharing and job alternating and the use of a ready work force of retirees subject to call during peak load periods. Another promising arrangement enables parents to work only during those months when their children are in school.

Significant increases in work opportunities can also result from changes in the design and location of jobs. As we have noted, some firms make active efforts to taper down the work responsibilities of employees as they approach retirement age. Conversely, various techniques can be used to gradually increase the demands on workers in supported-work programs. In the future, technological changes may make it practicable for an increasing number of tasks now performed in factories and offices to be carried out at home. This could apply, for example, to many types of complex technical calculations that can be performed with the aid of a computer terminal.

In our view, a broadening of options for the use of alternative work patterns could make a significant contribution toward reducing the more intractable forms of unemployment and underemployment. At the same time, such options can do much to contribute to greater business efficiency and flexibility in operations. **We recommend that employers review the organization and scheduling of their work flow to determine whether more job opportunities could be created for youths, the disadvantaged, older workers, and retirees through development of a wider range of alternative work patterns, including more part-time work and nonregular employment.**

MINIMIZING UNEMPLOYMENT IN RECESSIONS

Although recessions usually stem from widespread reductions in overall demand and output, their adverse effects on jobs and earnings tend to fall disproportionately on those members of the work force who lose their jobs or who are unable to secure new jobs. For many of these people, unemployment is compounded by the loss of medical and other social benefits, reduced self-confidence, increased personal stress, and erosion of skills.

The groups that suffer most in recessions are frequently the same ones that are particularly vulnerable at other times. Youths and the disadvantaged are often among the first to be laid off. Older workers are more protected through seniority rules, but once laid off, they face greater difficulties in finding new jobs. They are also often pressured to opt for early retirement, even when that is not in their own best interest.

Clearly, the principal response to recessions should be a set of fiscal

and monetary policies that will restore adequate levels of total demand and output. Because it takes time before such policies can become fully effective, antirecession measures should also include adequate provisions to cushion the impact on individuals through unemployment compensation and other income-maintenance payments, plus steps to provide new temporary job opportunities through public employment. Recent antirecession strategies have made active use of all these approaches.

We believe, however, that there is need for a harder look at an additional approach: namely, more systematic efforts to minimize outright layoffs and forced idleness during recessions.

First, business firms should, wherever feasible, fully explore alternatives to outright layoffs when their sales volume is reduced as a result of recessions. The scope of such alternatives will, of course, vary greatly for different companies and in different situations. Firms should not be asked to retain employees where this runs counter to the companies' longer-term productivity. However, we believe that a careful assessment of longer-term costs and benefits would uncover a larger number of instances in which the companies would benefit from a reduced number of dismissals.

Without a careful cost-benefit analysis, companies may underestimate the extent to which outright layoffs in recessions are now often more costly or represent less of a saving than in the past, especially where increased training costs have substantially added to the capital value of current employees and where the cost of searching for qualified new employees is high. Conflicts between seniority and equal employment rights have also increased the costs of layoffs, resulting in extra legal expenses as well as morale problems. At the same time, the savings from layoffs have often been reduced because of increased company contributions to unemployment compensation and supplementary benefit payments.

Second, the federal government should actively encourage corporate policies to provide skill-upgrading programs and other training opportunities as alternatives to layoffs in recessions. There should be standby authorization for enlarged government subsidies for such programs that could be automatically made available when national and area unemployment rises above specified levels. These subsidies should be available not only to companies that provide on-the-job training for their own employees but also to firms that initiate special training programs for unemployed persons who will subsequently be placed with other employers. The net cost to the government of supporting such training and educ-

tion programs during recessions will be relatively low because the beneficiaries of these programs would have received unemployment insurance or some other form of government support in any case."

Third, we recommend active exploration of possible legal and administrative changes to facilitate work sharing as an alternative to cyclical layoffs in cases where such a solution is desired by both management and labor. Work sharing can be important in reducing the uneven burdens that now fall on a limited number of employees with the least seniority during recessions. Furthermore, because work sharing avoids layoffs altogether, it can be particularly useful in preventing conflicts between seniority and equal employment considerations during recessions.

The needed administrative or statutory changes might include allowing payment of unemployment insurance for single days in cases in which work schedules have been cut to four days (although this arrangement might have to be limited to companies that have bona fide work-sharing programs and are located in areas of high unemployment), permitting workers in plants operating at reduced capacity to work on alternate weeks and draw unemployment insurance when not working (along lines that have already been successfully tried in the state of Connecticut), and compensatory payments to employers for increased per unit cost of medical and other fringe benefits that result from work-sharing arrangements. It should be emphasized that our recommendations relate to work sharing only as an alternative to cyclical layoffs; consideration of the issues involved in wider use of work sharing and shorter hours over the longer term is beyond the scope of this statement. Moreover, our comments concern the kind of work sharing that produces four days' work for four days' pay, not four days' work for five days' pay.

Fourth, substantially greater efforts should be made to assure that persons now receiving unemployment insurance payments during recessions be given more active opportunities and encouragement to benefit from useful training or work opportunities. More specifically, we recommend that recipients of unemployment insurance be able to participate in retraining and education programs within a reasonable period after they

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14/ In the case of programs of this type run during the last recession by General Electric and by Zenith Radio, net costs to the government came to only about one-third of the cost of normal government-funded training activities.

receive their initial unemployment insurance checks. Participation in such programs (where available) is now required for persons who have drawn unemployment insurance benefits for more than thirty-nine weeks. We believe that, where feasible, such a requirement should be made effective considerably sooner (after twenty-six weeks or even earlier). Moreover, in future recessions, greater efforts should be made wherever possible to find better alternatives to such extended eligibility periods for unemployment benefits as the sixty-five-week maximum period used in the last recession. In particular, more advance arrangements should be made to provide training and subsidized public or private work opportunities to the unemployed after their unemployment insurance has expired.

In applying any of these prescriptions, great care will have to be taken to assure that there is no undue interference with layoffs and job search efforts needed to allow permanent resettlement of workers whose jobs have become outmoded or who are operating in distressed firms, industries, or localities. For such workers, more relocation and retraining assistance will often be desirable.

Chapter 6
More Effective Management of Federally Assisted Employment and Training Programs

An intensified national attack on structural unemployment through a strengthened public-private partnership not only requires changes in the basic orientation of many public and private programs but also calls for more effective organization and management of federally assisted employment and training programs. Despite recent improvements, the efficiency of many of these programs is still seriously impaired by unclear policy direction, overlapping or uncoordinated administrative structures, and bureaucratic inflexibility.

THE CURRENT ADMINISTRATIVE STRUCTURE

Since CED called for a range of reforms in the administration of federally assisted employment and training programs in *Training and Jobs for the Urban Poor*, a number of far-reaching changes in the administration of federal manpower programs have been instituted. Most important among these were the enactment of the Comprehensive Employment and Training Act (CETA) in 1973, the creation of a temporary

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countercyclical public-service employment (PSE) program in 1971 and the revival of such a program in 1974, recent improvements in the legislation governing that program, and the enactment of the 1977 Youth Employment Act.

As its title implies, CETA was designed to substitute a comprehensive and integrated approach to federally assisted employment and training programs for the more than twenty existing categorical manpower programs that had been administered by a wide range of separate and often competing bureaucracies. CETA's main features are decentralization and decategorization. Primary responsibility for planning and delivery of manpower services was shifted from the federal government to state and local government units, although these remain subject to federal oversight. It was hoped that this change would make it possible to gear these services more closely to the unique characteristics of local labor markets. The basic focus of the overall program continued to be on preparing the hard-to-employ for self-sustaining jobs. However, in place of the many federal directives regarding categories of unemployed to be served, decisions about priorities were to be made primarily at the local level.

Some 445 prime sponsors (mostly state and local governments) have been organized under the act. These prime sponsors engage in training and placement programs, principally through subcontracts with various public agencies and public or nonprofit community-based organizations, including those that serve racial and ethnic minorities or other specialized clienteles.

In an important number of instances, this arrangement has resulted in more comprehensive and innovative approaches to the delivery of manpower services at local and regional levels. But there have also been many areas where performance under the program has been far from satisfactory. The following are some of the principal difficulties that have been encountered:

- Although CETA was created primarily to help the structurally unemployed, the severe recession of 1974–75 resulted in a widespread reallocation of CETA funds toward support of countercyclical public-service employment. Thus, CETA funds originally intended for disadvantaged groups were often used to avert layoffs of regular city workers, particularly policemen, firemen, and other essential employees. As a result, a high proportion of CETA clients has turned out to consist of middle-income whites rather than mem-

bers of minority groups or others who encounter chronic difficulty in obtaining employment.

- The rearrangement of functions among federal, state, and local officials has in many cases proved to be less than ideal. Under the previous system, federal control over local activities may often have been too tight and too narrowly pinpointed to particular categories of the unemployed. The pendulum now frequently appears to have swung too far in the other direction.

- The fact that the U.S. Employment Service continues to be run as a separate manpower system under state control continues to fragment federally assisted manpower services. At the local level, rivalry between the Employment Service and CETA often remains intense, resulting in considerable inefficiency and duplication of effort. For example, in many jurisdictions, the local ES offices do not share job-bank information with CETA prime sponsors.

KEY REQUIREMENTS FOR IMPROVING THE SYSTEM

It is still too early for a full evaluation of the experience under CETA, particularly because the special difficulties that have arisen as a result of the recession are diminishing in importance and because recent basic changes in the CETA legislation should help channel a higher proportion of CETA funds to the disadvantaged and the long-term unemployed. Nevertheless, we believe that there is need for a major effort to strengthen and revitalize the structure and administration of federally assisted employment and training services. An effective system for planning and delivery of these services should

- be subject to clear and integrated direction at all levels of government

- place principal responsibility for delivery of services at the regional and local community levels but provide for sufficient federal direction to assure that appropriate local coordination is in fact carried out

- provide strong incentives for increased involvement of the private

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sector (profit as well as nonprofit) in the development and implementation of training and employment programs

- clearly distinguish between broad categories of employment programs that are designed to serve different types of needs: the elimination of cyclical unemployment, the enlargement of training and employment opportunities for groups that experience special difficulties in the labor market but are basically able to cope with work, and assistance to the most severely disadvantaged groups that are not able to cope with the world of work without major additional aid

The following administrative improvements would be especially helpful in fostering a stronger public-private partnership.

REALIGNING FEDERAL, STATE, REGIONAL, AND LOCAL FUNCTIONS

To eliminate the existing duplication of U.S. Employment Service and CETA functions, we recommend that appropriate administrative and, if necessary, legislative actions be taken to bring the two organizations into a closely integrated structure from the Department of Labor down through regional, state, local, and neighborhood offices. This will require strong directives to produce both the needed integration at each level of government and adequate flexibility to allow for diverse needs and circumstances in different states and local areas.

Our stress on stronger federal oversight does not mean that the trend toward shifting responsibility for integrated delivery of manpower services to regional and local levels should be reversed. On the contrary, we believe that regions and local communities should be given increasing responsibility for carrying out these functions; they should, however, be subject to federal standards and performance audits. But this increased delegation of operational functions to regional and local jurisdictions that receive federal assistance should not give such jurisdictions discretion to adopt a do-nothing approach or to tolerate continued wasteful duplication of services. Nor should it allow such jurisdictions to ignore the need for greater and more imaginative efforts to involve the business sector, labor unions, private nonprofit organizations, schools, and other elements of the local community more fully in CETA activities along the lines recommended in Chapter 4.

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The federal government needs to give more forceful and explicit encouragement to both CETA programs that foster active community participation and an enlarged role for the private sector. It can do this in part by technical assistance and incentive funding for community programs that move in this direction and by more systematic efforts to provide information about successful instances of public-private cooperation to government units and private firms throughout the country. In this connection, we recommend that the Secretary of Labor be authorized to allocate up to 20 percent of CETA funds at his discretion to prime sponsors whose performance merits special recognition and support. (This would be in addition to discretionary funds already available for other purposes.)

The regional offices of the Employment and Training Administration (ETA) should be a focal point for encouraging greater local community participation in the design and administration of manpower programs. Regional ETA offices should, at a minimum, develop explicit cooperative arrangements between the Employment Service and CETA. Where possible, however, they should aim at developing arrangements that will allow unified local agencies to become the operating arms of both the federal and the state governments in providing a full spectrum of employment and training programs.

This process should be started now. In some states and for selected prime sponsors who have demonstrated strong administrative competence, state governors could negotiate the assumption of Employment Service functions by local authorities under subcontracting arrangements. Moreover, in local areas or neighborhoods where structural unemployment is particularly acute—and eventually, in other areas as well—regional ETA administrators should take the initiative in establishing comprehensive manpower service centers; this initiative could eventually be taken in other areas as well. Such centers would bring under integrated administration the full range of federally assisted manpower services, including those provided by ES and CETA. Where possible, private-sector agencies providing manpower services to structurally disadvantaged groups should also be included in these centers.

CLARIFYING EMPLOYMENT SERVICE AND CETA FUNCTIONS

The Employment Service should be clearly recognized as having the main responsibility among public agencies for *labor-exchange* functions,

including job referral and placement of the best-qualified candidates for available employment opportunities. The role of CETA should be devoted primarily to *employability development* of the disadvantaged and other groups that encounter special difficulties in participating in the labor market. Under this arrangement, the Service should normally screen applicants, refer those who are not job-ready to CETA prime sponsors for training and supplementary services, and be staffed and organized to offer placement services to CETA participants who are job-ready.

The Labor Department should make the separate functions of the Employment Service and CETA clear. We recommend, moreover, that ETA regional administrators be authorized to require each prime sponsor and related State Employment Service office to agree on their respective functions and on means of cooperation, subject to the approval and subsequent monitoring by the regional administrator.

Putting most referral control in ES offices does not mean that CETA organizations and their contractors would or should be prohibited from all job development and placement activities. Many of these organizations have unique capacities for opening job opportunities to their clients who have completed periods of special training. Provided they are adequately coordinated with ES, CETA placement efforts on behalf of the disadvantaged as well as young and older workers will remain highly useful.

FURTHER WAYS TO MAKE THE EMPLOYMENT SERVICE MORE EFFECTIVE

In addition to this clarification of ES functions and the use of Account Representatives and other reforms discussed in Chapter 5, the effectiveness of the Employment Service can be increased by relieving the Service of unnecessary requirements and functions.

The Employment Service has long been faced with a basic dilemma: On the one hand, its effectiveness depends on inducing employers to list suitable job vacancies with it. This, in turn, is likely to occur only if employers know that the Service will present the best available candidates for placement in response to job orders. On the other hand, ES is under legal and other mandates to give preference in job referrals to a wide array of priority categories of people, thus reducing its ability to offer the best candidates. The number of these mandated priority categories has become so large that the whole preferential system has become counterproductive.

We are convinced that more job opportunities will open up for the disadvantaged as well as the other hard-to-employ groups under a system that attracts a broader mix of employer job orders than those that can be filled by applicants of marginal employability. **We recommend that except for veterans who must be accorded preference by statute and migrant and seasonal workers under judicial mandate, the present list of placement priorities stipulated by administrative regulation should be abandoned.** Instead, provisions should be made to assure that sufficient consideration is given to the long-term unemployed, those claiming unemployment insurance benefits after fifteen weeks of unemployment, and registrants under aid for dependent children.

Of course, the Employment Service must adhere strictly to the requirements of equal employment opportunity laws. Furthermore, the changed policy should not relieve the Service of its obligation to cooperate with CETA in the placement of the hard-core unemployed. However, such referrals should meet basic qualification standards.

The ability of the Employment Service to carry out its basic labor-exchange functions is currently also seriously impeded by its legal obligation to carry out a wide variety of enforcement and compliance responsibilities not directly related to its basic mission. It is required to inspect business premises for compliance with safety and health regulations, the Civil Rights Act, and numerous other statutes. This not only preempts an undue share of ES resources but also increases employer reluctance to rely on the Service for job referrals. With the emergence of new regulatory agencies in specific fields related to the workplace (e.g., the Occupational Safety and Health Administration, the Office of Federal Contract Compliance, and the Equal Employment Opportunity Commission), numerous ES enforcement and compliance activities have become redundant.

In the interest of upgrading Employment Service labor-exchange functions, we urge that a systematic review be undertaken to determine what enforcement responsibilities are not essential to those functions and can be transferred to other federal or state agencies without in any way weakening antidiscrimination and other protective social legislation.

COUNTERCYCLICAL AND STRUCTURAL MANPOWER PROGRAMS

As we indicated earlier, many of the recent difficulties in implementing employment and training programs aimed at the hard-to-employ and

at securing greater private-sector involvement in this connection stemmed from the fact that during the recession, countercyclical public-service employment often tended to crowd out such programs.

There is a clear need for both types of measures. Although they overlap to some extent, they tend to be directed at different segments of the population, to involve different time horizons, and to call for distinctive policy approaches and administrative structures.

To be most effective, programs to train and place the structurally unemployed should be clearly separated from countercyclical unemployment measures in terms of both allocation and administration at the state and local levels, although all such manpower services should be concentrated under the direction of the Department of Labor. Specifically, funds provided under Title VI of CETA (which covers countercyclical public-service employment assistance) should not be unduly mixed with or substituted for funds intended for the long-term structurally unemployed and for reducing unemployment in distressed areas (Title I and Title II).

To meet these requirements, the legislation governing countercyclical public-service employment was recently changed to assure that more PSE jobs go to those most in need and that they are not simply used to support ongoing government services. Thus, the law now requires that a substantial and rising proportion of CETA enrollees meet an income test and that they must have been unemployed for fifteen weeks or more, exhausted their unemployment benefits, or be on welfare. Also, to minimize substitution, most CETA public-service employment jobs must now be for specific projects of no more than one year's duration. In addition, the project emphasis should permit significantly greater involvement of nonprofit and community-based organizations. These changes in the law are laudable and should result in making PSE programs both more effective and more directly responsive to needs.

However, we believe that additional changes are needed to make PSE more countercyclical and to avoid carrying enrollees in PSE jobs for periods of several years. **We recommend that no individual be retained in a public-service employment job for more than a year (or perhaps a longer specified period at times when the national unemployment rate exceeds a specified figure).** This limitation would give many more difficult-to-place participants an opportunity to gain valuable work experience and yet give them an incentive to continue their search for regular employment.

Many of the recent problems with employment and training programs emerged because adequate countercyclical programs were not in

effect when the recession hit. To reduce such problems in the future and to increase the likelihood that needed steps will be taken on a systematic rather than on an ad hoc basis, we urge that more advance thought and preparation be devoted to the types and contents of measures that might be called for and to procedures that would allow appropriate antirecessionary actions to be taken in a timely fashion and without adverse effects on existing programs to cope with long-term structural unemployment.

Taken together with the other measures recommended in this statement, we believe that the changes in the organization and administration of federally aided employment and training programs proposed here would do much to improve the job prospects of hard-to-employ Americans.

Memoranda of Comment, Reservation, or Dissent

Page 12, by R. STEWART RAUCH, JR.

This statement is not valid under all circumstances, and it is not a helpful guide to policy at the present time. Adequate demand is a *sine qua non* for high employment; but the chief concern now is that many structural barriers interfere with the job placement for the hard-to-employ. Such barriers have not been destroyed by past periods of high demand for goods and services. In fact, the speed and nature of technological change and geographical shifts have made many structural barriers more resistant to generalized demand pressures.

Page 13, by HENRY B. SCHACHT

This statement effectively deals with structural unemployment on the assumption that there is an additional need for labor in the private sector, if it can be better trained and identified. Given this assumption, the private sector experimentation on job-related issues is gratifying; governmental programs should be better organized to create additional incentives for these programs. It is beyond the scope of this statement to analyze whether, given inflationary pressures and prospective slower economic growth, private sector demand can sustain full employment. If job demand should prove inadequate, then greater consideration should be given to public jobs programs and/or other forms of public assistance.

Page 15, by JAMES Q. RIORDAN

I disapprove of the Statement.

I do not think that the problems of employment can be achieved with additional detailed initiatives developed in the public sector. In a public/private partnership, the public (i.e., the government) is inevitably the senior partner.

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In our democratic society the senior partner's decisions must reflect political compromises. Political compromises result in inconsistent push/pull directives. The resulting administration is often costly and confused.

We should not be surprised in these circumstances to find that an elderly citizen is "encouraged" to work but is penalized by having his social security pension reduced when he does so. When he complains of the inconsistency, he is told that the penalty must accompany the encouragement in order to keep the social security fund fiscally sound.

We now call for increased hiring of disadvantaged youth and at the same time mandate increases in the minimum cost of doing so in order that the youth shall not take jobs from older unionized workers.

The seemingly intractable problems in our economy relating to employment (and other issues) are not likely to be solved by increased push/pull government participation. I am afraid that such increased participation would be a major consequence of the proposed "new directions for a public/private partnership" and it is for that reason I disapprove the statement.

Page 20, by W. D. EBERLE

This recommendation misses the key point —more study is not needed as the estimates of the magnitude of illegal aliens is so large, taken together with the new illegal alien flow, that a policy of action is needed promptly if more jobs are to be available. The present and past two Presidential Administrations have collected substantial background information and material both as to the nature and the magnitude of the problem and possible solutions. The longer laws go unenforced, you either get a breakdown in violating more laws or an over reaction by new laws to correct the problem. The illegal alien problem involves not only jobs, but the rights of people, foreign policy as to our neighbors, and realism as to enforcement. It seems to me that CED should have urged prompt policy action by the President and Congress to (1) adopt a policy as to future illegal aliens entering into the United States with consideration of enlarging the quotas from certain nations but providing for return of new illegal aliens who enter after a certain date; (2) provide for a secure social security card with strict enforcement by employers for employment; (3) a program to make the adjustment to the new policy as is reasonable and appropriate.

This is not an easy action program as it involves foreign policy, jobs and civil rights but postponing prompt action for such a sizable problem will only create justified increased discontent in our democratic society.

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Page 41, by FRAZAR B. WILDE

From the employer's standpoint, it would be helpful if there were a single point of contact with the many programs in existence now and those proposed. It is counterproductive to business and industry, and therefore to the employment of disadvantaged groups, when employers must coordinate many programs with several groups who are concerned only with their own clientele. A "United Way" or "Combined Health Appeal" of these groups would be helpful.

Page 50, by ROBERT R. NATHAN

If there were to be any exemptions from minimum wages there should be experiments with alternatives rather than adopting exemptions without reasonably clear understanding of the consequences. Theoretically, minimum wage levels might price some inexperienced youngsters out of the market. But there are definite costs and dangers involved. Subminimum pay for young people may well serve to transfer jobs from workers at other age levels to those whom employers can hire for less than the minimum standard. Analyses of this issue are not very encouraging with respect to sizable additions to total employment that might result from minimum wage exemptions.

The erosion in the setting of minimum wage standards could, over time, be very costly. Perhaps many who favor exemptions would, in essence, like to discard the whole concept of minimum wages. Until there is convincing evidence that the net additions to employment is significant and outweighs the undermining of reasonable labor standards, we should not tinker with this measure. The burden of anti-inflation efforts and of stimulating jobs should not be put primarily on the backs of those least able to bear that burden. The less skilled young people and minorities want and need to work. But our society ought to be able to provide them with jobs without resorting to substandard pay. We ought to be able to fight inflation successfully without focusing primarily on those at the bottom of the pay scale.

Another consideration is the likely distortion among industries and employers within industries deriving from paying different wages for similar work. If the marketplace were to function effectively, employers would tend to displace present employees at minimum wage levels with those in the exempted category. The resulting shifts and bitterness can be far more costly than the claimed benefits of those favoring exemptions.

Page 51, by JAMES T. HILL, JR.

I would favor the total elimination of penalties on social security benefits by reason of earned (i.e. employment) income during the period between age 65 and age 72. It seems to me difficult, if not impossible, to justify the current distinction between investment income (in whatever form) which involves no penalties, and the penalty currently imposed on earned income during the period between age 65 and age 72. The appropriateness of the elimination of the penalty seems to me to be strongly reinforced by the present movement to lift the mandatory retirement age to 70 in the interest of at least partially mitigating current age discrimination policies. In short, I do not believe our recommendations go far enough in this area or adequately address the grave inequity to which I have adverted.

Page 60, by FRANCIS E. FERGUSON

I do believe that this is more than a stereotype and is dismissed too lightly in the policy statement.

Page 61, by FRANCIS E. FERGUSON

I buy this as part of it, but far more central in my opinion is a return to plain basic education in our public and private schools to readin', writin' and 'rithmetic.

Page 66, by FRANCIS E. FERGUSON

Our experience is not as favorable as indicated on page 66.

Page 82, by CHARLES KELLER, JR.

I hope the importance of Chapter VI will not be overlooked because it comes last in the statement. The United States has no effective national labor exchange, and it is essential that ES be reorganized to provide this essential service. I would go further than the policy statement suggests and urge the removal of ES from state control and its merger into CETA. The steps suggested in Chapter VI are the minimum required.

Appendix Table 1. Comparison of Major Unemployment Indicators, [illegible], 1973, and 1976

Selected Categories	Number of Unemployed (thousands)			Unemployment Rate (percent)			Percent of Total Labor Force			Percent of Total Unemployed		
	1965	1973	1976	1965	1973	1976	1965	1973	1976	1965	1973	1976
Total, 16 and over	3,366	4,304	7,307	4.5	4.9	7.7	100.0	100.0	100.0	100.0	100.0	100.0
Both sexes, 16 to 19	874	1,201	1,781	14.8	14.1	19.0	7.9	9.5	8.4	26.2	28.5	23.5
Both sexes, 20 to 24	557	885	1,670	6.7	7.6	12.6	11.1	14.3	14.7	16.6	22.9	22.9
Men, 25 and over	1,118	1,074	2,131	2.8	2.5	4.9	53.7	47.9	46.3	33.1	25.0	29.2
Women, 25 and over	859	1,516	1,705	4.0	4.1	6.4	27.3	28.3	29.5	24.1	23.6	24.6
White	2,691	3,411	5,871	4.1	4.3	7.0	89.6	89.7	89.5	79.9	79.2	80.4
Black and others	675	894	1,432	8.1	8.9	13.1	11.2	11.5	11.5	20.1	20.8	19.6
Nonwhite, 16 to 19	169	275	345	25.2	30.2	37.1	0.9	1.5	1.5	5.1	6.4	4.7
Household heads	1,257	1,471	2,763	2.7	2.9	5.1	42.5	57.2	57.2	37.3	34.2	37.9
Married men with spouse	653	831	1,467	2.4	2.3	4.2	45.4	44.4	42.4	25.2	21.6	23.1
Full-time workers	2,791	3,791	5,974	4.2	4.5	7.3	88.5	91.5	85.3	82.9	76.5	82.6
Part-time workers	575	1,013	1,414	6.7	7.8	10	11.5	14.5	14.7	17.1	23.5	19.4

Sources: Department of Labor, Employment and Training Report of the President, [illegible], and Employment and Earnings (various issues).

Table 2. Total Population, by Age and Sex *(millions)*

Age	Actual			Projected		
	1960	1970	1975	1980	1985	1990
Both sexes						
16 years and over	121.8	141.1	153.6	165.3	174.0	191.1
16 to 19 years	10.7	15.2	16.0	16.6	14.2	13.4
20 to 24 years	11.1	17.1	19.1	20.8	20.4	17.8
25 to 44 years	47.1	49.1	55.4	61.4	70.0	77.0
45 to 54 years	20.6	23.1	23.6	22.5	20.2	25.0
55 to 64 years	15.6	16.5	19.5	20.0	21.2	20.3
65 years and over	16.7	19.1	21.3	23.3	25.3	27.5
Males						
16 years and over	59.4	67.7	73.6	79.1	83.1	88.4
16 to 19 years	5.4	7.7	8.4	8.4	7.2	6.8
20 to 24 years	5.6	8.6	9.6	10.4	10.2	8.9
25 to 44 years	23.2	23.6	26.2	30.2	34.7	37.9
45 to 54 years	10.1	11.1	11.4	10.9	10.0	12.2
55 to 64 years	7.6	8.7	9.2	9.6	10.0	9.6
65 years and over	7.0	8.0	8.8	9.5	10.2	11.0
Females						
16 years and over	62.4	73.3	80.0	86.2	90.9	94.7
16 to 19 years	5.3	7.5	8.2	8.2	7.0	6.6
20 to 24 years	5.5	8.5	9.6	10.4	10.2	8.9
25 to 44 years	23.8	25.5	27.2	31.2	35.3	39.1
45 to 54 years	10.4	12.0	12.2	11.6	11.4	12.8
55 to 64 years	8.1	8.8	10.3	11.0	11.2	10.7
65 years and over	9.7	11.1	12.8	13.8	15.1	16.5

Source: Bureau of Labor Statistics, Special Labor Force Projections to 1990, Special Labor Force Report 197.

Table 3. Percent Distribution of Total Labor Force, by Age and Sex

Age	Actual			Projected		
	1960	1970	1975	1980	1985	1990
Both sexes						
16 years and over	100.0	100.0	100.0	100.0	100.0	100.0
16 to 19 years	7.2	8.9	9.7	9.1	7.5	8.9
20 to 24 years	10.6	14.3	15.1	15.4	14.4	12.2
25 to 44 years	44.0	40.1	42.2	45.2	49.7	52.4
45 to 54 years	20.7	19.8	18.1	15.9	14.9	16.2
55 to 64 years	13.0	13.1	11.8	11.5	10.8	9.7
65 years and over	4.4	3.7	3.1	2.9	2.7	2.7
Males						
16 years and over	67.7	63.3	60.8	59.7	58.6	58.0
16 to 19 years	4.4	5.1	5.4	5.0	4.1	3.7
20 to 24 years	7.1	8.8	8.8	8.5	7.7	6.4
25 to 44 years	30.8	28.5	26.4	27.8	29.9	31.0
45 to 54 years	13.4	12.2	11.0	9.8	8.8	8.4
55 to 64 years	8.9	8.3	7.4	7.0	6.4	5.8
65 years and over	3.2	2.5	2.0	1.8	1.7	1.8
Females						
16 years and over	32.3	36.7	39.1	40.3	41.4	42.0
16 to 19 years	2.9	3.8	4.3	4.1	3.4	3.2
20 to 24 years	3.6	5.7	6.4	6.9	6.7	5.8
25 to 44 years	13.1	11.6	15.8	17.4	19.8	21.4
45 to 54 years	7.3	7.6	7.0	6.4	6.1	6.7
55 to 64 years	4.1	4.6	4.5	4.4	4.3	3.9
65 years and over	1.3	1.2	1.1	1.1	1.1	1.1

Source: Bureau of Labor Statistics.

Table 4. Total Labor Force, by Age and Sex *(millions)*

Age	Actual				Projected		
	1950	1960	1970	1975	1980	1985	1990
Both sexes							
16 years and over	63.9	72.1	85.9	94.8	103.8	110.7	115.9
16 to 19 years	4.5	5.2	7.6	9.2	9.4	8.3	8.0
20 to 24 years	7.9	7.7	12.3	14.3	16.0	16.0	14.2
25 to 44 years	29.3	31.7	34.5	40.0	46.9	55.0	60.7
45 to 54 years	11.5	14.9	17.0	17.1	16.5	16.5	18.7
55 to 64 years	7.8	9.4	11.3	11.2	11.9	11.9	11.2
65 years and over	3.0	3.2	3.2	2.9	3.0	3.0	3.1
Males							
16 years and over	45.4	48.9	54.3	57.7	62.0	64.9	67.2
16 to 19 years	2.8	3.2	4.4	5.1	5.2	4.5	4.3
20 to 24 years	5.2	5.1	7.4	8.2	8.9	8.8	7.5
25 to 44 years	21.0	22.3	22.8	25.0	28.8	33.0	35.9
45 to 54 years	8.2	9.8	10.5	10.5	9.9	9.7	10.9
55 to 64 years	5.8	6.4	7.1	7.0	7.3	7.2	6.7
65 years and over	2.5	2.3	2.2	1.9	1.9	1.8	1.9
Females							
16 years and over	18.4	23.3	31.6	37.1	41.8	45.8	48.7
16 to 19 years	1.7	2.1	3.3	4.1	4.2	3.8	3.7
20 to 24 years	2.7	2.6	4.9	6.1	7.1	7.4	6.7
25 to 44 years	8.3	9.4	11.7	15.0	18.1	22.0	24.8
45 to 54 years	3.3	5.3	6.5	6.7	6.6	6.8	7.8
55 to 64 years	1.8	3.0	4.2	4.2	4.6	4.7	4.5
65 years and over	0.6	0.9	1.1	1.0	1.1	1.2	1.3

Source: Bureau of Labor Statistics, *New Labor Force Projections to 1990*, Special Labor Force Report 197.

Table 5. Total Labor Force Participation Rates, by Age and Sex *(percent)*

Age	Actual			Projected		
	1960	1970	1975	1980	1985	1990
Both sexes						
16 years and over	59.2	60.9	61.7	62.8	63.6	64.0
16 to 19 years	48.9	50.4	55.1	57.3	58.3	59.3
20 to 24 years	67.5	71.8	74.9	77.0	78.5	79.5
25 to 44 years	67.6	71.7	75.0	76.3	77.9	78.8
45 to 54 years	71.5	73.6	72.7	73.6	74.4	74.9
55 to 64 years	60.2	61.1	57.4	57.1	56.0	55.4
65 years and over	20.3	16.9	13.8	12.9	11.9	11.3
Males						
16 years and over	82.4	80.3	78.5	78.4	78.1	77.8
16 to 19 years	58.6	57.3	60.9	62.6	62.7	63.2
20 to 24 years	88.9	86.1	85.7	85.4	84.4	83.6
25 to 44 years	96.4	96.8	95.5	95.4	95.1	94.9
45 to 54 years	94.3	94.2	92.0	91.3	90.6	90.2
55 to 64 years	85.2	81.8	75.7	74.3	71.6	69.9
65 years and over	32.2	26.9	21.7	19.9	18.0	16.8
Females						
16 years and over	37.1	43.0	46.4	48.5	50.4	51.5
16 to 19 years	39.1	43.4	49.2	51.9	53.7	55.3
20 to 24 years	46.1	57.5	64.2	66.6	72.6	75.3
25 to 44 years	39.6	47.6	55.1	57.8	61.2	63.3
45 to 54 years	49.3	54.5	54.6	57.1	59.1	60.5
55 to 64 years	36.7	42.6	41.0	41.9	42.2	42.3
65 years and over	10.5	9.6	8.2	8.1	7.8	7.6

Source: Bureau of Labor Statistics, *Special Labor Force Projections to 1990*, Special Labor Force Report 197.

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Senator NELSON. Our next witness is Richard Drabant, manager of marketing, Chrysler Institute.

Mr. Drabant.

Mr. DRABANT. Thank you, Senator.

Chrysler Corp. is pleased to provide this written testimony to the U.S. Senate Human Resources Committee hearing on the Comprehensive Employment and Training Act.

Our motivation in appearing before the committee is based on our general and long-standing commitment to respond to community needs. We believe that we have demonstrated that commitment, in part through the efforts of Chrysler Institute, which I represent, to implement and to improve employment and training programs intended to solve the unemployment problems of disadvantaged people.

We hope that our testimony will assist the Senate committee to define its position on CETA improvement. However, we readily admit that the observations are those of a practitioner as opposed to someone dealing with the legislation line by line.

Chrysler Corp., through the Chrysler Institute, has a history of manpower service beginning with the NAB JOBS programs under MDTA. Chrysler is appropriately, we think, credited with writing much of the literature in the training areas dealing with disadvantaged clients. We made the transition from MDTA to CETA and are now celebrating our 10th anniversary of successful programing and delivery of services to disadvantaged clients. Over the past 10 years, Chrysler has served over 50,000 hard-to-employ disadvantaged clients.

Chrysler has learned to serve the most disadvantaged of clients. In many prime sponsors, we are well aware that to qualify for our program, they must have been rejected or ineligible for other programs. We also deal with other agencies—handicapped blind, deaf, WIN, youth street gangs, others.

The viewpoint from which this testimony is offered is from a corporation that is the largest employer in the city of Detroit, from an employment and training program deliverer under CETA, and most importantly, as a representative of the private business sector.

I'd so note that we are offering testimony as one of the CED's case studies as mentioned in the previous testimony.

From its experience, Chrysler takes the position that CETA is sound in principle and design. Generally, the theory of solving community problems at the community level, utilizing community-based resources, is most appropriate.

In spite of its proper design, it is recognized that CETA, unfortunately, has experienced difficulties in implementation. These difficulties range from the devastated economy within which CETA was launched, to the necessity of developing an entire generation of manpower expertise at the prime sponsor level. Perhaps the most unfortunate occurrence was the economically caused necessity to supplement CETA so dramatically with public service employment that PSE is frequently and we think currently viewed as synonymous with CETA in many circles.

Chrysler Corp. recommends keeping CETA—its intent, approach, and direction—generally intact. However, several supplements or op-

erational revisions are suggested, many of which have already been mentioned by colleagues, private sector representatives.

One. Communication about CETA programs to both deliverers and clients alike must be improved.

Two. The advisory process specified in the legislation must be made more representative, more useful and more valid.

Three. Public service employment must be returned to its "emergency only" definition. PSE should be implemented only when it is accompanied by a plan for transition to regular full-time nonsubsidized employment.

Four. The frequently heard demand to "cut red tape" is appropriate where such administrative detail is either duplicative or detracting from sound manpower program delivery.

Five. CETA quality control must be standardized, improved and consistently implemented. From our experience here, we think the major result here could be to assist prime sponsors to remove ineffective, politically-installed deliverers of services that go year after year.

Six. More qualitative technical assistance must be provided to prime sponsors. We understand there is more in the rewrite of the legislation, and we applaud that.

Also, initiatives must be taken to encourage "cross fertilization" of innovative programs and approaches between prime sponsors.

Seven. Finally, and most importantly, from the private business perspective of Chrysler Corp., more emphasis must be placed on involving the private business sector in CETA efforts. Several specific recommendations are possible here ranging from more focus on small businesses, that heretofore feel they have been left out by the process, to the installation of "catalytic" agencies in the process.

Many valid reasons, many of which have been mentioned here today, exist to justify the increase in private business sector involvement. The most important of these is that now and in the future over 85 percent of the full-time self-sufficient nonsubsidized employment exists within the private sector.

But business has been and remains reluctant to participate in these programs which may require contractual involvement with the Government or which are perceived as tampering with their right to employ selectively.

Many other reasons for this reluctance also exist. Chrysler encourages an analysis of the reasons that employers have been reluctant to participate in employment and training programs as the appropriate first step. Revisions to CETA both in legislation and regulations are possible to encourage and support rather than discourage and ignore private-sector involvement.

Chrysler suggests that after reviewing the reasons for business reluctance, perhaps the establishment and maintenance of a local catalytic organization to serve the goals of inclusion and involvement is an answer.

A cautionary note might be added.

In pursuing the expansion and the legitimacy of private-sector involvement in CETA, it might be a case of "overkill" to develop a separate title in the legislation to oversee private-sector involvement.

Similarly, it would seem inappropriate to develop a separate title for any vested-interest group, regardless of the needs of their constituency or their contribution because the basic conceptual design of CETA might be compromised. The local community should continue to have their right to decide which programs best serve local community needs.

With provision of supplements and energetic catalytic forces, the natural pull of the process will include the private sector in every title instead of restricting private sector inclusion to just one title.

Thank you very much.

[The prepared statement of Mr. Drabant follows:]

STATEMENT BY RICHARD M. DRABANT, MANAGER OF MARKETING, CHRYSLER INSTITUTE, AT A HEARING ON THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) BY THE UNITED STATES SENATE COMMITTEE ON HUMAN RESOURCES, SUBCOMMITTEE ON EMPLOYMENT, MARCH 1, 1978, WASHINGTON, D.C.

INTRODUCTION

Chrysler Corporation is pleased to provide this written testimony to the U. S. Senate Human Resources Committee Hearing on the Comprehensive Employment and Training Act.

Our motivation in appearing before the committee is based on our general and long-standing commitment to respond to community needs. We believe we have demonstrated that commitment, in part through the efforts of Chrysler Institute to implement and to improve employment and training programs intended to solve the unemployment problems of the disadvantaged.

We hope that our testimony will assist the Senate Committee on Human Resources to define its position on CETA improvement.

CHRYSLER INSTITUTE

Chrysler Institute, through its Entry Level Training Department has become a leader in the training and employment of the disadvantaged, unemployed client. The programs used by Entry Level Training in its work have been successfully adapted to the needs of both employers desiring thoroughly trained employees and the various agencies funded and mandated to serve disadvantaged clients. Chrysler Institute's Entry Level Training Department is one important division of an organization that began almost fifty years ago.

In 1931, Walter P. Chrysler and Fred Zeder launched a two-year work/study program leading to a Masters Degree in Automotive Engineering. This marked the birth of Chrysler Institute. Through the years, the Institute has sponsored a variety of educational offerings. Evening classes for high school credit and diplomas, courses for employee advancement, tuition refund programs, skilled trade programs and jointly sponsored classes leading to Bachelors and Masters Degrees are only a few of their offerings.

Currently, Chrysler Institute is made up of six distinct departments.

- Academic Affairs has responsibility for overseeing Chrysler Corporation's interface with various school

systems at all levels. It also manages a variety of management training programs, a pre-retirement counseling program, the tuition refund program and others.

- Management and Professional Education has functional responsibility for programs from the top levels of management down through first line supervision. Numbered among their offerings are Management by Objectives, Supervision of Supervisors, Problem Solving, Leadership Effectiveness Training and others.

- Technical and Apprentice Training maintains functional responsibility from first line supervision through entry level jobs. Program offerings include the UAW-negotiated Apprentice Program, fork truck driving and repair, metrics, hydraulics, drafting, etc.

- Auto Services Education through MoTech is an achievement milestone for Chrysler Institute. Utilizing the latest in instructional design technology, MoTech offers programs in Auto Mechanics, Auto Body Repair, Drive Train Mechanics and a series of Continuing Education programs.

- Performance Systems Design (PSD) is a Department serving others within Chrysler Institute as well as corporate and external customers. PSD develops self-paced, competency-based learning systems, media software and also delivers evaluation and validation research.

- Entry Level Training Department, is the largest private sector deliverer of employment and training services nationally under CETA. Entry Level Training has earned an impressive record of accomplishment over more than ten years. During that time the Entry Level Training Department has served over 30,000 disadvantaged clients and helped secure almost 40,000 full-time non-subsidized jobs.

Beginning in the 1960's, Chrysler Institute responded to the problem of the "hard to employ" job applicant and, through its Entry Level Training Department, developed some of the finest preparatory programs for disadvantaged clients. Most of these efforts were sponsored under the Manpower Development and Training Act of 1962. Specific use was made of the NAB/JOBS contract format.

A very high percentage of the clients served by the Entry Level Training Department have become successful in their careers. Employers recognize the graduates of Entry Level's training

programs as being highly trained and well motivated. This recognition is appropriately attributed to the realistic training experiences provided at Chrysler.

Prior to the enactment of CETA, Chrysler Institute was already being credited with writing much of the literature dealing with service to disadvantaged clientele.

Involvement with several thousand clients by 1971 had produced many rules of thumb which guided Chrysler Institute efforts into the years of CETA.

One of the rules is: Don't make promises unless deliverable. The very early years of Entry Level Training encouraged many undeliverable promises in an enthusiasm to carry the NAB/JOBS banner. Much more appropriate is the current approach which has the client realizing the parametors of the world of work and that they are responsible for their own success.

Another rule is: Don't use the term "training program" loosely. The word "training" connotes the imparting of skills. The only training that should be claimed is in those areas where the client's marketable skills have been improved, and then only if those skills are utilized; i.e., followed up by placement on those jobs.

Still another rule developed from our early experience and mistakes is: Don't use basic education or remediation unless pertinent to the gaining and maintaining of the entry position attainable in the very near future. For years some employers required that applicants have the ability to read and write at a high school level for assembly line work. It is probably the same mentality that now attempts reading and writing instruction in many programs. This does not suggest that the ability or desire to read is not important, but that for employment programs it must include a tangible and foreseeable reward. For example, Chrysler programs utilize job-meaningful instructional tools such as the computing of a benefit package to teach math, the use of a production "track sheet" to teach reading, and the completion of a job application blank to practice writing.

Another rule is: Don't use any double or lower standards. Double standards have no place in dealing with people who simply desire an opportunity to share in the fruits of employment and are programatically prepared to do so. Programs that demand 4-days-out-of-5 attendance for clients get just that. Yet the same Programs demand that their Advisors be there every day. It should be obvious that there is no way to speak to career development without demanding a single standard for all employees.

Another rule that emerges is: Don't substitute one system of

dependence for another. Some theorists state that absolutely nothing in the way of special support services is needed; the training that companies have always provided, combined with an opportunity to get inside the door, is all these clients need. There are others who state that disadvantaged clients must be given a great multitude of support services.

The Chrysler approach which has been most successful lies between these two poles; but it has been difficult to negotiate with those aligned with either theory.

We feel that supportive services should be defined by the client, provided by the program's administration, and discontinued at the earliest possible time. The total process should be combined with a strong counseling thrust, the goal being to replace all dependence with independence as soon as possible whether or not all available support services have been provided.

A final rule relates to staff selection. Chrysler's initial efforts found it recruiting "social service types". This was a mistake--no particular background is recommended. What really is necessary for these programs is a strong trainer and counselor who knows the employment scene, who has some ability to sort through and prevail over traditional personnel practices, and who is concerned about the employability of people.

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CHRYSLER INSTITUTE - ENTRY LEVEL TRAINING AND CETA

The advent of the Comprehensive Employment and Training Act (CETA) in 1973 provided opportunities for Chrysler's Entry Level Training Department to refine and expand its service offerings. The services provided currently benefit various government agencies, and companies of all sizes, all of which have the common objective: thoroughly trained, reliable employees.

The following list of service offerings indicates the flexibility of the Institute's Entry Level Department. While no one agency contracts for all the services listed, these services are delivered in a variety of groupings in several locations across the country.

Outreach and Recruitment is one of those services. In order to perform this service the staff of the Entry Level Training Department contacts local communities, court systems, substance abuse clinics, churches, schools and civic organizations to recruit clients for services and training openings. The media is also used in this effort to insure that there will be an equal representation of various disadvantagements represented in the programs and that the overall program is presented in the best possible light.

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Assessment, Personal Career Plan and Referral is another function of Entry Level Training. This operation's primary responsibility is the selection, assessment, processing and scheduling of the most suitable clients to benefit from the various service and training program openings. In order to fulfill this responsibility, the counselors work with the clients on an individual basis to gather biographical data.

This data will be used to determine whether there is a need for any supportive assistance such as medical, legal, dental, financial or child care services.

Testing is also done to determine the client's interests, abilities and aptitude levels. The counselors use these test results to help the clients develop a Personal Career Plan. Here the client determines long-range as well as short-range goals. Next, the clients take part in a referral program where they are directed to an available service or training program that best suit interests and abilities.

Frequently before clients advance to other, more skilled training programs, Chrysler Institute has them participate in Assessment and Career Guidance with a Foundation of Goal Directed Career Counseling. This program is one of the most dynamic offerings

of entry level training. When task oriented group counseling began, the Advisors taught basic reading, writing and arithmetic skills to disadvantaged clients. As necessary as these skills are, however, they do little to prepare clients to hold a job or cope with a position in an industrial environment. Therefore, the program was changed and has evolved toward a curriculum which meets the needs of both the client and the employer. Task Oriented Group Counseling addresses itself to the idea that individuals are responsible for their own success.

The client is taught to set goals, to budget time, to accept responsibility and to develop a support with others. The design of a personal plan of action which plans for the realization of goals is also part of the program. Assessment and career guidance also deals with the interviewing of boss, looking, public action, proper nutrition and obtaining credit.

Through this counseling program the clients' feelings of self-esteem are raised to the level where they can honestly say: "I can be successful. I must be successful. I will be successful because I am responsible for my own success".

In order to foster success in an industrial environment, Chapelon Institute offers clients a basic skills training program called Simulated Needs On Training which is part of Entry Level Training. For this training the clients actually work in a simulated

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plant environment. They are involved with learning modules which are designed to represent eventual employment opportunities. Some of the modules demonstrate the use of basic hand tools, small parts assembly, engine assembly, power transmission, stub frame assembly and brake assembly. Other modules simulate service occupations. Employers have expressed a need for entry level employees with basic skills and these modules enable potential employees to acquire these skills. Similar to the world of work, these modules also enable the client to learn and work in specific stations where they are required to complete assigned tasks in given periods of time.

Also selected to meet the needs of the employment community, Chrysler Institute designs and delivers specific training in several fast-skilled training areas: overhead maintenance, forklift operation, electrical shock, power sewing, metal cutting machine operation, armor plate and combination welding are but some of the offerings.

Usually after acquiring the basic skills taught in a Hands-On training segment, Chrysler clients may move into training in one of these semi-skilled areas. The skills learned in this area enable the clients to realize some of the goals outlined in their Personal Career Plan.

The counselors who work in the area of Job Training & Development

treat the employers as their personal accounts. Their job is to discover and secure employment for disadvantaged clients. Their goal is to serve the employer by providing clients for job interviews for positions that the clients are qualified to fill and that will offer the client upward career mobility. The counselors assigned to the Job Survey and Development effort intend to help the clients realize their long-range employment goals rather than simply place a client in any job.

At the same time the Job Survey and Development staff provides very important information to the other aspects of the Entry-Level Training Department. They survey the labor market to determine what employers' needs are and will be in the near term future. Those needs are translated into curriculum development, service delivery, and information to be shared with other agencies.

Job Survey and Development can also provide support services which include client and employer counseling, dispute handling and technical assistance to the corporation, all with the goal of serving the employer and thereby serving the disadvantaged client.

Another important offering of the Entry Level Training Department is the Job Search Activity. In this Program, clients learn how to get a job and in most cases do get a job. They use the want-ads and the telephone; they are also taught the skills necessary to compose resumes, write letters of application, and fill out

application forms. While involved in the Job Search Activity clients must call on at least two prospective employers to secure an interview and hopefully to obtain a job. Because of the preparatory Job Search training, a high percentage of the interviews result in job offers. When the interview does not result in a job offer, the counselor with the client determines why and moves toward problem resolution. Every effort is made to provide the client with job leads and job referrals consistent with the Personal Career Plan.

Through the services of Placement and Follow-Up Entry Level Training provides all the services necessary to assure the client of a successful introduction to a new job. The client and counselor continue to work together to solve any problems of adjustment to work environment. The client receives counseling both related and not related to the job, but all of which solves problems that could interfere with a new career. The follow-up department is concerned with the total individual and the adjustment to all areas of the work environment.

Another service of Entry Level Training very similar to Placement and Follow-Up, but for Chrysler hires only, is On-The-Job Training. This service is provided as a supplement to Chrysler supervisors to assure that the new employee who has been referred by the Entry Level Training Department will become a successful, contributing part of the Chrysler work force. The On-The-Job Training

effort is quite structured in that it outlines specific training and exposure expectations.

Staff Training is a service provided by the Entry Level Training Department which is perhaps one of the most critical. The Chrysler Institute staff members can share their expertise in all of the areas listed with government agencies, private corporations and service organizations that call upon them for assistance.

Chrysler Institute's Entry Level Training Department provides Special Services in all of their offerings. For years, English as a Second Language for both Arabic and Spanish clients has been offered. Also, adaptations of several service offerings have been provided to individuals with a variety of Handicaps or Disabilities, ranging from blind to deaf and from mentally restored to amputee.

Among the offerings of Entry Level Training which are under of special handling is Youth Services. Chrysler Corporation has long realized that the youth of America is probably the nation's most valuable resource. In the service of youth, creative contribution to our society is unlimited. Because of this realization, Chrysler Institute has become involved in a variety of program offerings over the years which provide support to society through its youth.

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Chrysler Institute's formal partnerships to assist disadvantaged youth began in the 1960's. It was during these troubled times that Chrysler took the lead in Detroit and developed a program in conjunction with a local inner city high school. In this "adopt a school" program many educational and employment services were delivered. Creative approaches were adopted such as employees of the various departments of Chrysler Corporation sharing their expertise with the students of the school.

During the years that followed, Chrysler Institute has continued to work with youth. Advisory efforts regarding youth, especially disadvantaged youth, have underscored the need for career planning, world-of-work counseling, goal-setting and value-clarification. Chrysler Institute, through its work with adult programs, had developed the expertise in delivering all of these services while linking them to appropriate supportive and training curriculum. Consequently, Agencies funded and mandated to work with youth called on Chrysler Institute to collaborate in their efforts.

As a result of this confidence, Chrysler Institute has been involved with numerous pilot and ongoing projects for youth. Both in-school and out-of-school youth have been trained in the various skills necessary to secure and retain jobs. These programs have included counseling sessions, interest and skills assessments, as well as actual hands-on training in various industrial skills and some part-time work experience. As with

other efforts, the foundation of the youth training programs is Goal Directed Group Counseling.

Recently, Chrysler has developed a unique career development format which includes an intensive in-school classroom-delivered program linking motivational counseling with part-time work experience and institutional support. Some unusual aspects of this effort are academic credit for counseling received, training allowances for work experience and staff training for the school counseling staff.

In response to the United States Department of Labor's ongoing concern for youth, Chrysler Institute is continuing to implement training programs for young people for many different circumstances. One of the more exciting programs is designed to expose several young people, who are disadvantaged and who have dropped out of school, to the capabilities of the various CETA manpower agencies. Through this exposure, they are also encouraged to resume their education for the express purpose of becoming manpower paraprofessionals.

Chrysler Institute, through its experience in working with young people, has visualized the dynamic results that occur when this nation's youth are allowed and encouraged to utilize their unique potential. It is with this vision in mind that Chrysler Institute continues to design and implement programs to motivate young people to become contributors to the community.

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CETA - SOUND IN PRINCIPLE AND DESIGN

From its experience Chrysler takes the position that CETA is sound in principle and design. Generally, the theory of solving community problems, including unemployment, at the community level, utilizing community-based resources is most appropriate. CETA provides an appropriate legislative framework for that process to take place. Specifically, there are several elements to the CETA legislation and design that should be safeguarded and maintained.

- Placing the responsibility of planning and resource allocation at the community level is appropriate, since the local political structure is most immediately concerned with and potentially responsive toward employment related, community needs.

- The CETA process outlines a client and employment needs analysis and an assessment of service deliverers at the local level. CETA resource allocation is designed to fill the gaps between employability and client unemployability, by providing a number of training, service, and experiencial components.

- CETA outlines a method of advisory representation to take advantage of the various elements of information

to make the process responsive. Advisory boards, representing a sound, cross-section of community, business, agency, government and educational needs, are mandated.

- CETA provides a direction and method to balance programs for subsidized (P.S.E., Work Experience) and non-subsidized employment (comprehensive manpower services).

- CETA continues an Office for National Projects (Title III) to assure research, development and demonstration programs as well as representation of groups that might not receive services through communities (i.e., Indians, migrants).

- CETA established a National Commission on Manpower Policy (Title V) to direct, guide and evaluate employment and training efforts in a broad sense.

- CETA, in four fiscal years, has developed an entire generation of employment and training expertise at the local level which, in the past, had been only available nationally or regionally. This more than any other factor serves to move human resource planning and employment and training efforts to the appropriate national priority.

CETA - DIFFICULTIES IN IMPLEMENTATION

Chrysler would be the first to admit that CETA, during its launch years, was far from smoothly implemented. There are a number of reasons for these difficulties in implementation. However, Chrysler encourages the members of this committee to remember that CETA is really a brand new process. CETA would have had some difficulty in implementation due to the total overhaul of the employment and training network from what existed under MDTA, even if a number of other factors such as the economy did not come into play.

There are several elements which outline the difficulties CETA's implementation experienced. These are presented here with the intent of providing some background and guidance toward revision.

- CETA was launched during one of the worse economic situations possible. This produced some immediate compromises in its design and promise for balance and, moved to wholesale use of Public Service Employment, without the linkages needed for eventual movement toward non-subsidized jobs.

- A lack of coordination, and in some cases actual competition, developed between the established Job service (formerly employment service) and the emerging CETA thrust.

- National and Regional Department of Labor guidance has been strong on the technical aspects of CETA implementation (reporting, deadlines, allocations) and weak on the conceptual aspects (program design, client service).

- The private business sector has been increasingly reluctant to participate with employment and training programs during CETA's formative years and there have been very few innovative attempts for including them.

- Well intentioned supplements and fiscal appropriations to serve the unemployed case in the form of additional public service jobs, frequently with unrealistic time frames. The net result was that P.S.E. has become synonymous with CETA in the minds of many and the more seriously disadvantaged have remained unserved.

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SUGGESTED SUPPLEMENTS AND REVISIONS

Chrysler from its unique position of large employer, business sector representative and a private business sector firm actively engaged in CETA programming is pleased to offer several suggestions for CETA process improvement. It is readily admitted that the suggestions offered are not immediately and directly applicable to a legislative revision. More typically, these suggestions apply to the Regulations or the interpretation and administration of the Regulations in the operation of CETA. These are the areas where supplements and revisions could enhance what is regarded as a basically sound concept and design.

Chrysler does not recommend any sweeping new legislation or agency development. Chrysler does recommend efforts to better administer, utilize and apply what currently exists. The CETA sponsored employment and training arena needs some new dimensions of emphasis, organization, coordination and cooperation.

The following is a list of several points which should apply to and improve the CETA process:

1. Communication about CETA programs to both deliverers and clients alike must be improved. The claim that information is incorrect, inconsistent and tardy is heard all too frequently from all aspects of the employment and training equation and

should be certified. The single printing of announcements as required by Federal Procurement Regulations in the legal notice section of the newspaper is not sufficient.

Several pilot programs around the country have taken to better publicizing and promoting CICA programs. These should be closely and expanded.

2. The Advisory Process specified in the legislation must be made more representative, more useful and more valid. Frequently, Prime Sponsors either do not utilize the Advisory Board in a timely fashion for decision making or, worse yet, in some cases the Advisory Boards are not even convened. It is recognized that some of the difficulty lies with the frantic time table for submission and expenditure as established by the National and Regional offices of DOL. Nonetheless, the Advisory Boards must be utilized in a more representative fashion if the CICA process is to be evaluated as contributing to the community's good in general.

3. Public Service Employment must be returned to its emergency only definition. PSE should be implemented only when it is accompanied by a plan for transition to regular full-time, non-subsidized employment. There must be a programmed blending and linking of every comprehensive employment and training service to the ultimate goal of non-subsidized full-time

meaningful employment. All TAP and work experience programs should have a viable and monitored plan for work transition.

4. The frequently heard demand to "cut red tape" is appropriate where such administrative detail is either duplicative or decreasing from sound manpower program delivery. Whatever the perspective or a large organization is among the first to notice and recognize the over run areas administrative process. However, it must be realized that CETA is implemented through a federal and also a local, bureaucratic organization. Consequently, the potential for duplicative reporting and double adherence to procurement regulations is a definite possibility.

Also, paying allegiances to other organizations in the process frequently causes a dilemma which ultimately discounts the original intent of the projects. An example of this relate with the Skill Training Improvement Program (STIP) which was originally designed to increase participation of the private business sector in manpower programming. By allowing OMB's standard of Hypothetically Training Wage Payment Level, disposable subsidized labor pool, the goal of private sector inclusion will be frustrated. The private sector does not wish to have the STIP program used to promote correlated goals of other agencies.

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5. [illegible] must be standardized, improved and consistently implemented. The major result here would be to assist Prime Ministers in improving or removing institutions politically-overtaxed delivering of services. Frequently, Cheyfitz has observed that a Prime Minister is frustrated with an institution not politically-motivated service delivering.

6. More [illegible] between ministries must be provided to Prime Ministers. The CCR Prime Ministers actually need a mutual interest force which can be established where issues from problems to progress design can be discussed and worked on without the watchful eye of the MPL. There is a need for more meaningful issues facilitation between the Prime Ministers in the implementation of CCRs. The national and regional levels of MPL should get involved in the push for quality programming as it has in the monitoring of the environmental aspects of CCRs. The issues facilitation should also include other elements that play heavily in the employment and training areas. Some established models of agency cooperation and coordination already exist, such as the Work Incentives Programs co-location efforts with DOL.

7. The [illegible] and seed money projects from the Office of National Projects should be strengthened. This would encourage more innovative involvement and could include programs

[illegible] to the Department of Commerce and Job creation. This alternative enables to involve the private [illegible] more appropriately in the employment and [illegible] process and also necessary. A problem arises with many certain [illegible] which have been eliminated although [illegible] of the current administration. The focus seems to be on political maneuvering for methods and dollars granted as opposed to sound programming. The result has an [illegible] the constraints and program development function.

5. A more active evaluation and guiding role [illegible] National Commission for Manpower Policy is also recommended. This can only happen through increased high-level [illegible] and emphasis. Unfortunately, this Commission, [illegible] the statute, recently received as an appendage to the Labor-Manpower policy in recent years. Hopefully, a new direction & impetus for this group can be established.

6. Finally, and most importantly from the privatesector perspective, more emphasis must be placed on [illegible] the private business sector in CETA efforts. Increased involvement and participation of the private business sect in all aspects of employment and training programs must be saved. This cannot be done by either legislation or edict, it must be done by developing, [illegible], demonstrated promoting the links to business and [illegible]. Objectively that

CETA could even be viewed as an employer service, if, in fact, it is so readily recognized that the majority of non-subsidized jobs lie with the private business sector. However, as this testimony will go on to discuss, the natural outcome from the combination of business-as-usual, lobbies who are attempting to avoid business benefiting from government programs and the BIG implementors of CETA who have never really exercised a private sector thrust, the results have been devastating. The biggest contradiction in the CETA process is to realize that most jobs lie with the private business sector; and then to find that the language in both the legislation and the eventual Regulations relating to inclusion and involvement of that sector is most restrictive.

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PRIVATE BUSINESS - THE IMPORTANT BUT MISSING LINK

Cooperation and dialogue must be established at the local level between the three elements which are central to any successful employment and training configuration:

- Community Needs - Employment related community needs are required for CEIC's Comprehensive Employment Plan. These are typically defined in "significant segments" for service. This must move beyond simply numbers of unemployed and in the direction of knowledge and skill assessments.

- Human Resource Agencies - Every community has a myriad of agencies funded and mandated to serve human resource needs. Most of these have been traditionally under-publicized, under utilized and, most certainly, duplicative of each other. The employment related agencies of most importance are the Job Service, CEIC, the public school system and MDC.

- Private Business Sector Employers - These employers hold 80% of the non-subsidized, full-time job opportunities and, frequently experience personnel shortages during times of high unemployment. Traditionally, these employers have been too busy, too threatened, too

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inward looking, too cautious, too negative, too unsophisticated or too uninformed to interface with either the Agencies or the community directly.

To further expand the discussion on the issue of the private business sector's lack of inclusion several observations can be offered. Both presidential candidates in the last election when speaking of unemployment pointed to employment with private business as a top priority. The new Administration, specifically Secretary of Labor Marshall, Secretary of Commerce Kreps, Secretary of the Treasury Blumenthal all speak to business as the most important deliverers of non-subsidized jobs.

The second annual report by the National Commission on Neighborhood Policy pointed to private business and improvement of business sector programs as the appropriate way to go. Most of the existing CETA quality and cost effectiveness control measures indicate that the private business sector is typically one-fourth of the cost per placement of public service employment. The business sector itself, through organizations like the Business Roundtable, the National Alliance of Businessmen, the U. S. Chamber of Commerce and others, indicate they are very interested in getting involved.

One doesn't have to look very far beyond the fact that 65% of the non-subsidized jobs now and in the future are with private business when looking for justifications for inclusion. Yet there are a

number of other reasons why the private business sector should be involved in the CETA process, such as private business holds first-hand experiential input for occupational research. The knowledge of how many jobs will be coming open and more specifically the knowledge and skill requirements to fill those jobs rests only with this employer community.

Including the private business sector on Advisory Boards makes sense also. The fact that business is credited with creativity, goal orientation and problem solving techniques should encourage Prime Sponsors to deal with them.

PRIVATE BUSINESS - THE RELUCTANT PARTICIPANT

Chrysler would like to suggest to the committee a number of reasons why the private business sector has traditionally been reluctant to participate in CETA programs.

The private business sector is reluctant to participate with CETA programs because of the operational rigidities inherent in most organizations.

Actually, the private business sector, especially medium and small-sized firms, are busy and frequently are without staff resources for program or advisory contributions. This reluctance to participate because of time constraints is exacerbated by periodic involvement in processes like the typical CETA Advisory Board, where it is felt that meaningful timely input is neither desired or even requested. Next, and contrary to popular opinion, the business sector is not very sophisticated as it relates to planning and delivering programs for human resource development. This is especially true in talking about programs to assimilate disadvantaged clients into the work force. The private business sector by definition works from a perspective of vested self interest. Consequently, any programs which attempt to include private business participation must be able to answer, "What's in it for me?".

Finally, most of these difficulties or reasons for business reluctance are compounded by the problems of paperwork, administrative detail and red tape. Formality in contracts is foreboding, duplicative administrative detail is time consuming and "red tape" is threatening.

PRIVATE BUSINESS - A CATALYST FOR INCLUSION

Chrysler Corporation suggests that when viewing the reasons for business reluctance and realizing that a primary reason for that reluctance is the resistance to direct interaction with the government, perhaps the establishment of a local force to serve the business sector and serve the goals of inclusion and involvement is an answer. There are several features that such a local catalyst would have:

- The local catalyst must have a private, business sector organizational base so that business finds its interests are being represented in a secure, trustworthy manner.

- The local catalyst must be prepared to answer the question when private employers ask, "What's in it for me?" To that end, the catalyst must be prepared to deliver certain employer services and access to an information clearing house in the human resources field.

- Although recognized as a business-based organization, the local catalyst must have immediate access to an involvement of the primary agencies in the local human resources arena. At a minimum, a co-located staff resource from the Job Service, CETA and WIN should be

a part of the local catalyst's organizational configuration. Other agencies can be represented also, as locally appropriate.

- The local catalyst must be tied to a National Support Staff to serve as a resource center for program development, information dissemination, appropriate national policy linkages, and staff development.

- Time proven, organizational span of control should be utilized in establishing the local catalyst network. At a minimum, a Series of Regional Offices, with across-the-board functional representation, should be implemented. The Regional Offices must be more than simply coordinative in nature and, perhaps the appropriate location for regional program development and evaluation.

In reviewing the organizational and operational mandate of a Local Catalyst several elements seem to warrant inclusion:

- Representation of the private business sector in all matters dealing with publicly sponsored human resource planning and utilization.

- Serving as a buffer between the business sector and the agencies, laws and even door-knockers involved in the local manpower equation.

- Serve as an interpreter between business and human resource needs of agencies and the legislature. In other words, interpret for business and to business happenings in the employment and training field.

- Serve as a provider of information and direct employer services. This is especially important if the goal is to expand and include the middle and small-sized employer--those employers who do not have the resources for internally held technical assistance.

- Serve as a coordinator to work at eliminating duplications as it relates to including the private business sector. At the very least this coordinative buffer agency could centralize contacts for job development information and representation.

- The catalyst would actually be a membership of private business sector firms working together to improve local or even national situations dealing with human resources. The fact that Chrysler is so regularly seized upon for disclosures of this type is not only indicative of Chrysler's contribution to the field but probably also indicative of the fact that spokesmen for private business sector in employment and training are few and far between.

CONCLUSION

Chrysler Corporation feels that CETA is basically appropriate and that some necessary supplements and administrative refinements could assist it to function more smoothly and deal more appropriately with the disadvantaged clients that it was intended to serve. Chrysler, as has been obvious throughout this testimony, is very interested in encouraging a more aggressive posture toward private business sector involvement in the entire process. That involvement is most importantly and appropriately linked to the provision of non-subsidized full-time employment.

A cautionary note must be added. In pursuing the expansion and legitimacy of private sector involvement in CETA it would be a case of "over-kill" to develop a separate Title in the legislation to oversee private sector involvement. Similarly, it would also seem inappropriate to develop a separate Title for any vested interest group regardless of the needs of their constituency or their contribution to manpower in general because the basic conceptual design of CETA would be compromised. The local community should continue to have their right to decide which programs best serve local community needs. With the provision of supplements ranging from quality control to a Local Catalyst the natural pull of the process will include the private sector in every Title as opposed to restricting private sector inclusion to just one Title. We would like to thank you for the opportunity you have afforded us to comment on the CETA program. We will be available to discuss the subject further with you or with your staffs at your convenience.

Senator RIEGLE. Thank you for your testimony.

We just had a vote start, so Senator Nelson has gone over to respond; then he will come back immediately.

I have some questions.

Do you?

Senator JAVITS. I do have something.

I deeply appreciate the testimony, and I appreciate Mac Lovell's testimony about the necessary outreach if we are going to give training a full part in this process. I would like, in writing, to ask him about the intermediation which may be required in order to bring that about through other entities, like these committees we were talking about.

I would like to thank Ken Young for his very specific reference, his point of the usefulness of these joint labor industry committees to approve plans with private employers and to gain, I hope, an outreach.

I think you both put your finger on the big problem which I am trying to meet. I thank you very much.

Senator RIEGLE. With regard to what Senator Javits just said, we were able to discuss some of these problems last evening, about the whole way we perfect the connection process and the involvement of the private sector in a serious way in moving people out of structural unemployment and into permanent jobs.

Let me ask you this: After 10 years, or so, and 50,000 people coming through your program, if it is the decision of the Chrysler Corp. that this is a good business decision? Is it your experience, after this period of time, despite the problems, that this has been a sound investment of time and effort by the company?

Mr. DRABANT. There is no question we view it as a sound investment of time and effort.

I might make the point that we treat the Chrysler Corp. plants the way we treat other employers. We analyze the needs of their jobs, prepare clients to fill those jobs, and give them full choice to accept or reject the candidates.

One of the reasons we have enjoyed success is the fact that we have not edicted disadvantaged clients, or formerly disadvantaged, I should say, on the plants or other employers. However, we work a manpower effort, in effect, in a real sense, as an employer service. We provide a service and answer the questions that the employers have in terms of their requirements.

Senator RIEGLE. What has been your placement rate over these 50,000 individuals?

Mr. DRABANT. It is a very difficult question to answer, because since CETA our annual effort numbers with some 40 different prime sponsors across the country, each having a different rate. However, the largest of the contracts, entitled "Careers," with the city of Detroit, deals with entering some 1,200 clients a year, and, of those 1,200 clients a year, we work through a 5-week preparatory program before job placement.

We actually place with employers some 70 percent of the clients that enter that pipeline 5 weeks before.

Senator RIEGLE. This is crucial and, Senator Javits, we had these folks as witnesses before our hearings in Michigan, and they have han-

dled, through this institute, 50,000 individuals in the last 10 years. They probably have more direct knowledge of how to make it work as any single private sector source we can lay our hands on.

With that kind of placement rate, with the group you are getting, from your one source of candidate coming out of Detroit, are these all structurally unemployed people? These are tough people to place under any circumstances. You are achieving something like an 80-percent placement rate, with the hardest to place clientele?

Mr. DRABANT. I said over 70; you said 80.

Senator RIEGLE. In that range.

Mr. DRABANT. Definitely; especially when it relates to the city of Detroit. When I referred to those prime sponsorships, Detroit certainly was one example of that.

Senator RIEGLE. Elaborate on this 5-week program.

Did I understand you to say when you get these hard-to-employ people, you undergo a process of—what—for 5 weeks?

Mr. DRABANT. The process itself, I will talk about where it came from and what it is right now.

Where it came from is very important.

We, like many practitioners in this field, made a lot of mistakes, and the fact we ran more clients through our program means we probably made more mistakes. We learned to the point where our curriculum now is really based on failure. It is based on a total analysis of what causes disadvantaged clients that are perceived as hard to employ to fail particularly in the industrial setting—their particular needs.

If the elements of the curriculum do not answer the question of how to gain and maintain employment, they are not in the curriculum.

Specifically, what we do is bring the client into a very integrated approach, classroom approach, that has goal-directed counseling as the foundation, in that we utilize our instructors not as preachers or teachers, but more as group facilitators in that process of value clarification and goal setting whereby the clients themselves discover for themselves and decide for themselves that they can and must succeed, because they are responsible for it.

The clients also interact with their peers in terms of a series of peer pressures.

Senator RIEGLE. I am very interested in pinning this down.

I have got to recess the hearing for just a moment because I have to go or I will miss the vote.

So what I want to do, one of the issues that we really want to understand as well as we can, and we want to draw on your knowledge, is exactly what seems to be the best process for taking somebody out of the ranks of the structurally unemployed, working with them and getting them ready in terms of either motivation, attitude or job skills—not job skills; knowledge about what full-time work involves, and other things, so we really understand exactly what it is that we have to do sort of on the front end to facilitate a high success ratio once we actually get into a formal, on-the-job training experience, or some other kind of training experience.

It is that initial part which many of us think is maybe the single most critical item. If you don't do that part right, no matter what the training experience, it may not be sufficient.

That is what we want to get under the microscope and understand, to know if we need to build something more into the CETA framework.

Let me just recess the committee for approximately 5 to 7 minutes until Senator Nelson comes back, and then I want you to pursue that.

[Brief recess.]

Senator NELSON. Go ahead.

Mr. DRABANT. The last point Senator Riegle made, the committee has an interest in kind of microscopically identifying those kinds of things we have found successful in dealing with disadvantaged populations at the front end, especially those considered structurally unemployed.

I was only going to make one or two points on that.

The reason I think we are successful, we begin with very direct and very intense contact with the employment community. That goes back to the point about programs serving as an employer service almost. Once we convince an employer or group of employers that the program can provide them with employees that have the attitude and attendance and the skills they require for entry criterion, we are moving into the direction of employing those structurally unemployed people.

Senator NELSON. They do not have any skills?

Mr. DRABANT. That is correct. That is the response to the question Senator Riegle asked.

You have to know what the demands of the community are prior to the provision of skills. Far too often we have in the past provided skills on old data or an impression. Linking of a job development effort with firsthand, timely information about what they are going to be needing Monday morning, having a responsive training effort to fill the gap between clients' lack of skills and employers' needs.

Senator NELSON. Is your program a Chrysler Institute program?

Mr. DRABANT. Chrysler Institute runs the program, but since CETA, Chrysler Corp. is just one of many employers that we provide clients for.

Senator NELSON. Prior to that, you were dealing simply with Chrysler?

Mr. DRABANT. Prior to that, we could only deal with Chrysler because as the legislation was framed—you had to hire them first—yes.

Senator NELSON. The institute now provides employees for Chrysler as well as other employers?

Mr. DRABANT. That is correct.

Senator NELSON. Are you talking about mostly or exclusively structurally unemployed, disadvantaged?

Mr. DRABANT. Exclusively disadvantaged.

Senator NELSON. That figure, 50,000, you use, then, refers to exclusively disadvantaged?

Mr. DRABANT. Right.

Senator NELSON. What definition do you use for "disadvantaged?"

Mr. DRABANT. It has changed frequently over these 10 years, always the U.S. Department of Labor's.

Senator NELSON. Do you have a breakdown of the age groups of these 50,000 persons?

Mr. DRABANT. Just impressionistically at this point. There have been so many different programs that are all over the map. We have currently got something like 40 prime sponsors and some 150 different contracts.

Senator NELSON. Within the area serviced by the Chrysler Institute?

Mr. DRABANT. Right; prime sponsors that we service through Chrysler Institute.

Senator NELSON. Do you have some kind of an outreach program?

Mr. DRABANT. Again, that varies. An outreach program is purchased from us by a few prime sponsors; skill training program is purchased by some; combination of programs purchased by others.

What, I guess, we have evolved to is a broad, full-range manpower delivery service system and depending on the needs of the prime sponsor, we are responsive to what they need.

Senator NELSON. Do you have clients that you refer directly to vocational training of some kind? Do you have people who have no previous job experience who you put into on-the-job training or vocational training?

Mr. DRABANT. All of the above.

Senator NELSON. Do you have any figures on retention rates after placement?

Mr. DRABANT. Retention again varies by the various programs.

One of the programs that I was just chatting about during the break was one that we did for the work incentive program to provide welfare recipient ADC mothers to our Chrysler tank arsenal. That had a 100-percent placement rate and, still running 1 year later, 80 percent.

Other programs are not as successful. We find difficulty in discussing retention rates because there is such a variety of contracts. We find that the more skilled that we are able to impart to a client, and the more directly related to a good job, like armor plate welder, the better the retention rate.

Generally, we are very, very pleased with our retention rates.

Most of our programs, we experience something close to 70-percent placement rate, slightly over, I should say. The retention of those people is pretty good because most of the contracts we run on a performance basis. We do not charge, in most of those contracts, unless the client has actually attained 30 days on the job for the placement services, which gives a little bit of a bet to the prime sponsor that is attractive to them.

Age of the clients, you asked earlier. I think it can generally be said what we are talking about is city dwellers between the ages of 18 and 24, generally which falls in the youth definition.

Senator NELSON. What is your relationship to the prime sponsor? Are you a prime sponsor? Is your organization a prime sponsor?

Mr. DRABANT. No.

Senator NELSON. What are you? How do you describe your organization?

Mr. DRABANT. As the entry-level training department of Chrysler, service and product provider for a number of agencies, including prime sponsors; and I am the manager of marketing for those efforts.

Senator NELSON. How is the institute funded?

Mr. DRABANT. The institute in general is funded really in two ways, one, by providing services for the corporation that range from management education programs——

Senator NELSON. You mean Chrysler?

Mr. DRABANT. Right.

And the way that is most important to this testimony is probably dealing with the entry-level training department of that institute, and is some 90 percent of its revenue is secured from service contracts with agencies that are funded and mandated to serve disadvantaged clientele.

Senator NELSON. Are there other organizations in Detroit which provide the same kind of service, or are you a kind of an umbrella organization for that?

Mr. DRABANT. We are the only private-sector business firm that does that in Detroit. There are other organizations that do some things similar to what we do, typically community-based organizations.

Senator RIEGLE. Thank you for waiting.

When I left, we were talking about—Senator Nelson was not able to hear me pose that question—what I wanted to have you describe for us, because you live with this problem and have had an enormous amount of experience with it, when a hard-core structurally unemployed person comes in, I want you to describe for us your sense for the initial phases of how you have to deal with that kind of situation to get somebody ready for the job training and, presumably, ready, then, for after the training experience, full-time employment.

I want to understand the initial connecting process which you have had to develop expertise in and which, I think, generally we don't know that much about and don't do that well in other places.

Mr. DRABANT. The piece that is most important to mention is, as I did get the oportunity to mention while you were out of the room, our job survey and development function involves intensive contact with the employer community, constant contact by a staff who considers the employer their account—dealing in very specific terms, regarding entry-level criteria for employees, asking not only how many people are going to be hired in the very short run, but also what are the qualifications that, in fact, you are going to be expecting as an employer.

Typically, through that interaction, we discovered that, for most entry-level jobs in industry, once questions are asked of that employer about entry criterion by our staff, that attitude and attendance and some basic skills are all they really care about.

Typically, an employer will say, "Give me somebody with attitude and attendance, and I will train them."

That information, both subjective and objective, is built into the curriculum, this 5-week program.

Senator RIEGLE. Have you described that for the committee?

Mr. DRABANT. No; not yet.

Senator RIEGLE. In summary form, please do so. I really want to pin this down.

Mr. DRABANT. Let me make one point that Mr. Metevier encouraged me not to miss out on, an invitation to anyone at the committee who wants to come by. We would be happy to host that kind of a fact-finding group. You might be interested in having that happen.

Beyond that, what we have is a combination of elements built into this 5-week program. The basis of it is goal-directed group counseling, where decision for all action is placed on the individual, as opposed to having it preached to them by some function or some organization. Our advisers are strictly facilitators in that group process.

Hung on the framework of the group counseling process is suportive education in such areas as budgeting, information on unionism, and how that applies——

Senator RIEGLE. Personal budgeting?

Mr. DRABANT. Of course.

Health and nutrition.

We have analyzed all those reasons why clients have lost jobs in the past and tried to build that into the curriculum information on the manufacturing process; information at a lower level, just on the enterprise system itself; why an employer feels the way an employer does, done in such a way the group counseling process, with individual decision and peer critique carrying the ball.

The program moves from intensive counseling to more and more hands-on work. We maintain in most of the places where we have CETA efforts a simulated facility where, without the pressures and the rigors of a production work-a-day world, our clients begin to practice the various things that they are going to have to do when in fact they become employed. What we have done in some cases where we have the volume to support it, simulated something close to 85 percent of the local industry's entry-level jobs.

Again, it is a movement from the heavy, intensive counseling to the employment situation.

There is another option, depending on whether or not the CETA prime sponsor wants to move in that direction, for a variety of semiskilled or skilled training offerings to be coupled to that approach. We have training programs on the shelf and ready. We have to have, because we must be immediately responsive to what the employer community will be hiring.

In Detroit, welding is always in demand, fork truck driving being another example.

Senator RIEGLE. You are not just dealing with Michigan clients? You have got 1,500 or so employers out there who may call on you for services?

Mr. DRABANT. In Detroit alone over 1,500 employers. In St. Louis, some 600. We are in several locations across the Nation, and depending on the size of the effort we contract with the CETA prime sponsor for, determines our outreach in the community.

After a couple of years in operation, the employers definitely call us.

Senator RIEGLE. You represent a scale of operation that may be desirable for us to think about. You can have packages on the shelf. That is very different from a local group out of a backroom somewhere. Not that they should not be part of the program, too.

In terms of the throughput of large numbers of people, we may have to think in terms of a facility of a certain scale to be able to handle exactly what is required here.

I don't want to interrupt you any more. I want you to finish what that 5-week program does.

Mr. DRABANT. To respond to that point, we are talking about the appropriate blend between the small, intense handholding effort of counseling to the client, from the recruiter to the CETA program. Those are very small, individualized kinds of operations and we want to be able to blend that to provide the kinds of programs you are talking about.

I think we can recall examples in the Department of Labor's past where a large effort did not find itself all that successful—the skill centers. It did not work in all cases.

Senator RIEGLE. That is why I think it is a key to find models that work. One of the problems is the sheer volume of people in that reservoir of structurally unemployed. A big part of our problem, the end of the line, who it is who will get a chance to participate, even if we get perfect programs, not just how to do it, but how you do a lot of it efficiently.

I think the larger scale operation has to be considered a key piece of whether we ever make net progress against the numbers.

Mr. DRABANT. In keeping with the CETA design, our units vary dramatically from Cocoa Beach, Fla., to Toledo, Ohio; and they vary dependent on the local complexion of the manpower agencies and the employers.

I guess what I am cautioning, let us not try to build a blueprint.

Senator RIEGLE. I understand.

Mr. DRABANT. The only thing left in this system is the fact that we also provide services of transition for the employee, or the client, to the job. What we do, we have something called job search activity actually involving the client past this 5-weeks or plus skill training, in the searching of employment. It becomes their laboratory. We get involved in a lot of dialogue, role playing, counseling, relative to how to gain a job.

Now, we get involved in application development, and résumés. They hit on two employers a day, and they understand, because of the peer relationship, they are not only finding jobs for themselves but other people in the program. That expands our ability to go out and contact employers.

If we know jobs are available and a client is unsuccessful, we go to debriefing, back into the counseling process, as to what has gone wrong. Once the placement occurs, we assign that client to a follow-up adviser that has the responsibility of making sure a successful assimilation of the client into the workplace takes place.

We have actually provided, on some occasions, services for the employer and services for the other employees of that firm that are not our own, only so we can further enhance the relationship with that employer, because that employer ultimately has to be the success of our programs.

That is generally what the system is.

Senator NELSON. How many cities in the country does the Chrysler Institute have programs in?

Mr. DRABANT. Pardon the specific ignorance of a generalist.

I think we are in 9 or 10 cities, but that involves some 30 or 40 prime sponsors. In other words, we might be in St. Louis, but have three or four prime sponsors. Detroit, as a city, nine prime sponsors we deal with.

Physical locations where we have a unit, I believe the answer is nine.

Senator RIEGLE. With multiplication effect you end up dealing with some number of thousands of individual employers that are scattered around?

Mr. DRABANT. Right.

If you take a look at the smallest of our units, the one we have in Cocoa Beach, Fla., we only deal with about 50 employers down there because we have a very small contract.

Senator RIEGLE. Have you made any effort to try to do an analysis of what the costs to do this are? I recognize you have all kinds of situations. In some cases, you are pulling programs off the shelf, people at different levels of job readiness.

Have you been able to figure out and put cost figures on any of these?

Mr. DRABANT. The Detroit careers program runs about $900 per entrant; and ends up being about $1,500 per placement. Placement really is a 30-day successful completion on the job.

Senator RIEGLE. Would it be fair to say those two cost elements added together constitute, in effect, a total cost per person placed?

Mr. DRABANT. No.

Senator RIEGLE. What else has to be figured in?

Mr. DRABANT. They are the same people. What I was talking about, what you have in the drop-off process is what produces the higher rate. The number of people entering the program, you have got about $900 per person. The number of those people successfully placed, the cost is about $1,500.

That does not include the skill training, the welding or power sawing or fork truck driving. That is all above and beyond the numbers I am mentioning.

Senator RIEGLE. Who pays that?

Mr. DRABANT. The prime sponsor.

Senator RIEGLE. Do you know what that runs?

Mr. DRABANT. About $200 a week tuition.

Senator RIEGLE. How many weeks does that period run?

Mr. DRABANT. Depends. Welding, 10 weeks; for truck driving, 6 weeks.

Senator RIEGLE. There are a lot of things about this that make it very attractive to my mind. One, I think it is cost-effective, versus going out through an elaborate Government sort of chain of command. I have watched enough Government programs. Once we get a lot of public employees trying to get this job done, there is a tendency for it to get inefficient in terms of time, overhead cost per placement rates.

The thing I like about the model you have developed is the fact it sounds deadly serious, efficient, cost-effective, higher retention rates; and it seems to me that we have got a model, under this program, an operation of that scale, patterned after yours, that allows us to handle a big chunk of the large numbers of people we have to deal with.

Mr. DRABANT. I think the point you might want to consider, much of what we do, the counseling process, semi-skill training process, all of those processes are done equally well in other organizations that are not private business sector. The point that I think we cannot miss, and made by the gentleman at this table, we are really talking about private sector business responsiveness, finding the mechanism to get the information from the private firm, the person making the hiring decision, how many they will hire, what are the qualifications they demand, getting involved in challenging of the qualifications, perhaps;

getting it defined where it is objective so the system can respond and prepare clients for that.

You are serving that employer, private business sector employer, as a customer, almost. They will come back and participate more, and they will serve on advisory boards, if you provide that kind of service.

Senator RIEGLE. What really comes through to me here is that we don't have to go out and invent the wheel in this situation. There have been a lot of people out there who have invented a wheel that works. Rather than having ourselves back at the beginning of a process of figuring out how to do this, here is a very large-scale operation that has perfected this into a refined process and is generating the kind of results we are after.

It seems to me that the scale of operation for a certain segment of this overall task is a key item.

I am going to see if we cannot find a way to develop capacity to have some additional ones of these that can be put into place so we can start handling the throughputs we are really dealing with.

I am impressed, from Chrysler's point of view, this has been a good business decision. You find it to be rewarding, satisfying, and something that you fully intend to continue doing.

Mr. DRABANT. No question about that.

There are several factors that underline what you have just said. Chrysler Corp. is the largest employer in the city of Detroit, and the kind of applicants that Chrysler gets today is different from 15 years ago. By virtue of where it is located, it needs to respond to that kind of a question. All of that is in keeping with their policy of community service, anyway.

We also enhance our technical abilities to deal with not only disadvantaged clientele but other programs of a technical nature. Those kinds of investments, performed initially for CETA sponsors, are held within the institution for future use.

I also indicated that back under the very early days of NAB/JOBS, with top corporate commitment involved in the program, and our chairman at the time edicted the plants would hire him so many disadvantaged people, and it was our task to get those people into the plants. It was far more difficult to go that way than now, go to the plants first, and then serve their needs. We are doing it far more effectively now, too.

Senator RIEGLE. I would like to suggest, Mr. Chairman, I would like to see if we could persuade somebody on the administrative side, maybe, to invest some time and go out and look at this model. I like the notion of peer involvement. Sounds like the person not only begins to take on responsibility for themselves, but there is a growing process that takes place within the prospective employee which seems to me to be critical.

Mr. DRABANT. Well stated.

Senator RIEGLE. I would like to have the administration see a 10-year-old success story. I think the very lessons you are describing here are the ones I think we ought to start applying on a broader basis soon.

Mr. SCHIFF. I would like to add one comment.

As Mr. Drabant mentioned, we did put together a series of success stories in our volume of case studies. This volume includes a section on

his experience, which is very, very valuable. We also report on a series of other experiences in other areas that really are very useful.

Let me make two broad points in this connection. One is that we were impressed by the fact that the same kind of organization is not necessarily always the best for different communities, different groups of the disadvantaged, and different situations. You need to look at a variety of cases.

Second, we think it is very important that local business people and local government people in different communities become aware of what is already being done elsewhere and gain a greater awareness of the kind of program Mr. Drabant has described. But they should also know about other programs that they might be able to adapt to the needs of their communities.

Incidentally, I might mention—and this is my one chance to bring in a connection with Michigan at this hearing; I felt a little left out, here—that one of the things that CED is doing as a followup to our statement is to start a series of policy forums in different major cities of the country to bring together the community leaders to find out what would work best in their community.

One of the cities we will have that on is Detroit.

I think the key consideration here is that there have been programs that have worked very well, but that these are still relatively small in terms of the total population of all the disadvantaged. That is why I think it is important, in relation to this proposed title VII, to have something else, a focal point, a way of getting the leadership in individual communities and businesses involved.

Second, we need more intermediate organizations of the right kind. And third, we need some kind of economic incentives to facilitate more training and jobs for the hard-to-employ.

When these elements all work together, you have a formula that can make the thing work.

Senator RIEGLE. I want to again thank the witnesses that are here, and especially this last testimony from Chrysler, and the invitation from Mr. Metevier, who is accompanying Mr. Drabant. We will see if we cannot get some administration people out to take a very tough look at it. It has been very helpful testimony.

Senator NELSON. Thank you very much. The panel's contribution has been very good.

The next witness is William Mirengoff, Study Director, Committee on Evaluation of Employment and Training Programs, National Research Council.

Will you gentleman please identify yourselves for the reporter?

STATEMENT OF WILLIAM MIRENGOFF, STUDY DIRECTOR, COMMITTEE ON EVALUATION OF EMPLOYMENT AND TRAINING PROGRAMS, NATIONAL RESEARCH COUNCIL, NATIONAL ACADEMY OF SCIENCES; ACCOMPANIED BY LESTER RINDLER, RESEARCH ASSOCIATE

Mr. MIRENGOFF. My name is William Mirengoff, Director of the CETA evaluation study in the National Academy of Sciences. With me is Mr. Lester Rindler, who is my research associate.

Senator NELSON. Senator Javits could not be here for your testimony, but he asked me to extend his regrets. He is very interested in your testimony in reference to the need for increased targeting ... this program.

Mr. MIRENGOFF. Thank you for the chance to appear at these hearings.

There a[illegible] three things I would like to do:

(1) As[illegible], briefly, the overall performance of CETA;

There are three things I would like to do:

(3) Summarize a few of our major recommendations.

These observations are based upon my experience as the former director of the Public Employment Progam—PEP—and Job Corps, and as the director of a 4-year evaluation study of CETA. Although I have drawn heavily from the findings of this study, the observations are my own.

We find that the central objective of CETA, decentralization, has been achieved. Now, for the first time, manpower programs in each community are under a single authority—the elected official—who has built these programs into the local government structures. This is no mean accomplishment.

Senator NELSON. May I comment on that?

I heard testimony in Wisconsin. There was testimony from the representatives of the State of Wisconsin to the effect that decentralization had been fine, but that in the past couple of years, the rules, regulations, paperwork, and reporting required by the Federal Government is bringing us back into the endless mass of redtape. These witnesses are going to submit documentation of that. The testimony was supported by other witnesses, and I am gravely concerned that if that is correct, we will destroy what we were trying to do in the first place. I am going to ask the Labor Department to testify specifically in response to this testimony. I was astonished to hear it. The witness was very, very knowledgeable and very persuasive.

Mr. MIRENGOFF. My next sentence addresses that question.

The transfer of authority under CETA occurred without the abdication of Federal oversight responsibilities. The Feds did not simply put the money on the stump and run. Indeed, the degree of Federal presence continues to be a controversial issue.

My own view is that the degree of Federal intervention, like beauty, lies in the eyes of the beholder. Where you stand depends on where you sit.

I believe, that there is a considerable amount of contention between the reach of prime sponsors on the one hand and grasp of the Feds on the other. I am not sure that this kind of rivalry is necessarily bad.

This kind of check and balance may be useful in keeping the program from swinging too far in either direction.

In my view there is more Federal involvement and intervention than was first contemplated under CETA bloc grant program. Part of this may be due to bureaucratic flexing of muscle; but much is traceable to the congressional action. Each time CETA is amended and a new program added, there are accompanying regulations, guidelines, "do's and don'ts" and redtape.

In short, yes, there is a large amount of Federal intervention. Part of that is inevitable.

CETA's second objective is to decategorize some 20 separate and independent programs to give prime sponsors—P.S.'s—the flexibility to put together a mix of manpower services suitable to the local scene. We found, however, that most P.S.'s tended to continue the program they inherited. There was little innovation.

On the whole, we find that the CETA system, in terms of organization, delivery of services and local involvement, is a more effective way of handling the Nation's employment and training programs than the earlier centralized and categorical arrangement.

(1) Program planning, though still very rudimentary, is superior to the way manpower planning was done previously;

(2) Although the two-thirds of the local advisory committee were quite passive and dominated by CETA staff, a significant minority do have meaningful public participation and independence;

(3) Local program operations are coming under closer scrutiny. The management of and accountability for programs by prime sponsors are much tighter than they were when the DOL tried to keep track of 10,000 local programs;

(4) Fragmented and overlapping systems for delivering manpower services are being consolidated. Sixty percent of the PS's have taken steps to streamline their intake and placement functions. Forty percent retained the categorical arrangements by inheritance.

PS's have been able to adapt local programs to changes in the local economy more rapidly than would have been possible under the national categorical programs in the pre-CETA period.

Finally, resources are now allocated on a more objective basis, although there are serious problems of concept and measurement.

These achievements, however, must be weighed against several serious shortcomings:

(1) Although disadvantaged persons continue to be the major participants in title I programs, there was, in the first 2 years of CETA, a weakening of the commitment to those most in need. Title I participants are older, better educated and less disadvantaged than their predecessors.

There are several reasons for this change: (a) The eligibility requirements of CETA were looser than the earlier antipoverty programs and PS's took advantage of this to enroll more highly qualified applicants; (b) As a result of the recession, many unemployed but fully qualified workers were, for the first time, seeking admission to manpower programs in competition with a less-qualified clientele; (c) The extension of title I programs into areas not previously involved affected the types of clientele enrolled; (d) The performance standards used to assess PS's and the competition among program operators for contracts are incentives to select those most likely to succeed rather than those most in need. This "skimming" was particularly pronounced in the PSE programs, titles II and VI.

The Emergency Jobs Programs Extension Act of 1976 tried to refocus the program on the disadvantaged by tightening the eligibility criteria for title VI. Early indications, are that some of these desired changes are occurring. Entry requirements for other titles, however, remain unchanged. We are now in the anomolous situation of having a countercyclical program with more restrictive eligibility requirements than title I programs aimed at persons with structural difficulties.

Indeed, the basic issue of who is to be served in the structural programs and who in the countercyclical programs has been pretty badly muddled. The hodgepodge of eligibility criteria should be sorted out.

(2) Title I manpower programs which, historically, have been directed to persons who are at a disadvantage in the labor market because of skill, educational, or other limitations, are being elbowed aside by the burgeoning countercyclical PSE programs.

In the first year of CETA, title I accounted for 42 percent of all expenditures; this year it will be 23 percent. There is an axiom in economics, Gresham's law, which states that bad money drives good money out of circulation. I do not mean to suggest that title VI is bad, but it has absorbed program resources as well as the time and attention of prime sponsors. At issue here is the balancing of resources and program emphasis between countercyclical programs and programs directed at the structural problems of the disadvantaged.

(3) Not only have title I programs been deemphasized, but the mix of their employability services has been diluted. There is less emphasis on programs that enhance human capital development and more on work experience, which is largely income maintenance. And even the more purposeful skill training activities are moving toward short, cheap programs;

(4) The substitution of Federal funds for local resources enfeeble the job creation efforts of CETA. In the eyes of many local officials wrestling with fiscal problems, all dollars, despite their program labels, are green. It is devilishly difficult to track the fundible Federal dollars through the mazes of hundreds of local budgets.

Our best estimate—and it is only an estimate—is that the direct job creation effect of CETA's PSE programs averaged about 70 percent between mid-1974 and the end of 1976; that is, for each 100 positions funded, 70 are jobs that would otherwise not have existed. These estimates were made prior to the PSE expansion in 1977, and prior to the new project design of title VI. They do not include positions allocated to nonprofit organizations where the job creation impact is probably higher.

In addition to the direct job creation effects of CETA, there are indirect results which economists call the "multiplier effect." Even where substitution does occur, the local resources that are conserved, find their way into the economic stream through lower taxes or capital expenditures. Admittedly, these are not the objectives of CETA and may be better served by other revenue sharing programs.

The substitution issue illuminates the divergence between national policy which is concerned with reducing the Nation's unemployment levels and local priorities which are often centered on relieving fiscal pressures.

In an effort to control substitution, Congress took the occasion offered by the Emergency Jobs Program Extension Act of October 1976, to limit the use of the expanded title VI program to 1-year duration projects for long-term unemployed and low-income individuals and welfare recipients.

It remains to be seen whether these constraints will prevent job seepage. Early indications are that some of the effectiveness of the new legislation may have been sacrificed on the altar of speed and expediency.

Beyond substitution, the PSE program raises such issues as the increasing dependence of local governments on CETA funds and the multiplicity of PSE purposes: reduce unemployment, hire the disadvantaged, provide essential services, provide job experience and skill training to the long-term unemployed, provide short-term jobs and income to the cyclically unemployed, encourage transition, et cetera. All too frequently, the achievement of one objective is made at the expense of another.

(5) Interorganizational relationships, particularly between the prime sponsors and the employment services remain unsettled. In its desire to rationalize the fragmented manpower structure and reduce duplication, Congress has fashioned a Federal/local system that parallels, in many respects the existing Wagner-Peyser network without anticipating the consequences of this duplication.

(6) The monitoring activities of the DOL have been directed more at mechanics, numbers, and the speed with which PSE's enroll participants than at substantive matters such as program content and maintenance of effort questions. There is a pressing need. In my opinion, for a stable core of Federal representatives adequately trained in these areas.

(7) Finally, what about outcomes?

For adult-oriented title I programs, the ratio of those who entered employment to those who terminated was 42 percent in 1976. The pre-CETA 1974 estimate for comparable programs was 57 percent. The most comprehensive data on the experience of PSE participants comes from the DOL's continuous longitudinal manpower survey.

That study reports that 58 percent of a group enrolled in 1975 and later terminated were employed 1 month after leaving the program. A comparable study of PEP enrollees in 1972 reported a 71-percent rate.

These then are some of the issues that warrant your attention as you deliberate on the reauthorization of CETA. I would suggest, for your consideration, several recommendations which I believe are responsive to these issues:

(1) With respect to allocation or resources and the relationship between structural and counterstructural programs:

A. CETA should establish an overall manpower policy that would provide a basis for balancing resources between structural programs to increase employability and countercyclical programs to create jobs. These levels should bear some relationship to the number of persons in need of structural and antirecessionary programs; that is, 2 percent of the labor force for restructural titles and 25 percent of the unemployed for the public service employment titles.

B. Title VI should become a continuing compound of CETA that would trigger on when the national unemployment rate reaches and remains at designated levels for 3 months.

C. Areas of low unemployment should be excluded from PSE programs.

Sharpen the geographic impact of the present title II. The objective of title II is to channel additional funds to areas with chronically high-unemployment rates. In recent years, however, with the national rate above 6 percent, a 6.5-percent trigger no longer discriminates in

favor of areas which are most in need. For example, in 197[illegible] 97 percent of all prime sponsors qualified for title II funds. CETA should:

Replace the present 6.5-percent unemployment criterion with a sliding trigger tied to the national average—for example, 135 percent above the national unemployment rate.

Senator NELSON. In parentheses under "D"—that is, 135 percent above the national employment rate—you mean "of the national employment rate?"

Mr. MIRENGOFF. That is correct; right.

Senator NELSON. Thank you.

Mr. MIRENGOFF. Use of annual employment rates rather than 3 months' experience to avoid season influences.

E. Tie the distribution of funds more tightly to the target population to be served.

The elements in the allocation formula for all titles should be related to the eligibility requirements of the participants—for example, if title VI is directed at low-income persons, the incidence of low income should be used in allocation formula.

(2) With respect to persons to be served in CETA programs:

Rationalize and simplify the hodgepodge of eligibility criteria of the various CETA titles so that requirements for entry into specific programs is congruent with the population group to be served in that title.

(3) With respect to program changes and outcomes:

A. Place the emphasis of title I on programs that enhance human capital development rather than on income maintenance programs;

B. Prohibit the use of title I funds for PSE programs, except for training purposes;

C. Restore the earlier emphasis on the transition of PSE participants into unsubsidized jobs;

D. Establish a national task force of business and labor representatives to develop ways to increase private-sector participation in CETA activities.

(4) CETA scrambled the roles and relationships of the organizations participating in manpower programs. This led to a vigorous struggle for turf as agencies vied for a piece of the action. To insure objectivity in choosing providers of manpower services, CETA should:

A. Require PS's to establish standards for the selection of local program deliverers; and

B. Prohibit council members who represent organizations that have or seek CETA contracts from voting on any action involving contract awards.

(5) The relationship between the State employment service agencies—ES—and the CETA prime sponsors is a particularly sticky issue. The DOL is responsible for both offsprings. To harmonize this relationship, consideration might be given to several alternatives:

A. Laissez-faire. Let things alone. Permit prime sponsors and employment services offices to work out accommodations locally, based upon local needs, capabilities and relationships; or

Divide responsibilities between the two systems, with the ES serving the job-ready and CETA sponsors concentrating on those who need employability development services——

Senator NELSON. That would not change the current role of the employment service, would it?

Mr. MIRENGOFF. No, it would not.

C. Mandate the use of the ES as the exclusive provider of intake, assessment, job development, and placement services; or

D. Earmark a proportion of CETA funds for State ES agencies. These funds would be used by local offices to provide services to PS's without cost; or

E. Finally, consolidate the CETA and Wagner-Peyser statutes and create a new single supermanpower system.

The issues involved in the ES/CETA relationship are extremely complex and it would be unwise, in my opinion, to rush to a conclusion at this time.

Congress should mandate an independent study that would examine the manpower functions now being performed by both organizations, assess existing relationships, and explore the merits and problems associated with each of these alternatives.

(6) To increase the effectiveness and independence of advisory councils:

A. Require that full-time staff be assigned to serve the councils;

B. Change the role of the State Manpower Services Council to strengthen its coordinating functions and eliminate its monitoring responsibilities.

(7) Proposals for a public service employment program generally embrace several objectives: opening up employment opportunities for the disadvantaged, providing additional assistance to chronically depressed areas, and combating cyclical unemployment.

A design incorporating all three elements would include:

A. A continuing PSE program restricted to the structurally unemployed; that is, the low-income, long-term unemployed and welfare recipients. This program should include a training component.

B. Supplemental funds for areas of substantial unemployment also restricted to the structurally unemployed.

C. Countercyclical funds triggering on automatically as the national unemployment rate rises. The countercyclical component could either be targeted to the low-income, long-term unemployed and welfare cases—as is presently the case for projects—or, alternatively, could be partially targeted. Under the alternative plan, prime sponsors would be required to reserve part of their slots for the disadvantaged—in proportion to their number among the eligible group in the prime sponsor's area.

In all three of the above models, consideration should be given to excluding areas with low-unemployment rates.

(8) To contain this substitution of Federal for local resources, Congress should:

A. Reduce the pressure for substitution by continuing to fund countercyclical, revenue sharing programs such as title II of the Public Works Employment Act of 1976, which is expressly directed to the maintenance of public services and the regular work force in communities;

B. Prohibit the use of title VI funds for projects which are merely extensions of regular, ongoing governmental activities and, therefore, susceptible to substitution:

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C. Limit individual participation in title VI to 1 year;

D. Strengthen the DOL review and auditing capacity to assure compliance with the maintenance of effort provisions. A specified percentage of PSE funds should be earmarked for auditing and monitoring.

(9) Finally, the NAS study has identified a number of problem areas in which additional independent research would help illuminate the issues and suggest solutions.

Such areas would include:

A comprehensive examination of the CETA/ES connection.

Continued study of methods of dealing with maintenance of effort.

An assessment of the economic and noneconomic effects of the CETA programs.

An examination of the content, duration, costs, and effectiveness of various types of training in terms of programing participants for economic self-sufficiency.

An explanation of the various types of program delivery patterns in relation to quality of services and client preferences.

One percent of the CETA appropriations should be earmarked for research and evaluation.

In summary, Mr. Chairman, I strongly support the reauthorization of CETA; and with equal fervor urge you to consider the changes necessary to correct the program's shortcomings.

Thank you.

Senator NELSON. You say in your statement, "The NAS study has identified a number of problem areas in which additional independent research would help illuminate the issues and suggest solution."

Do we have a copy of that study?

Mr. MIRENGOFF. A copy of the full study, which is rather voluminous, will be made available to the committee.

Senator NELSON. Do you have a summary?

Mr. MIRENGOFF. We will try to make one available before March 20.

Senator NELSON. We would appreciate receiving a summary.

[The material referred to follows:]

TITLE VII

In my opinion, ladies and gentlemen of the Committee, Title VII of this bill is a cop-out. It is an invitation to you, the Congress, to solve a problem that has the Administration baffled. This Administration knows, as we all know, that the ultimate answer to unemployment cannot be achieved without the help of the private sector of our economy.

But the Administration does not seem to have found a satisfactory way to involve the private sector. So they have given you a blank piece of paper with the title of "Private Sector Initiatives". This title has a lot of vague language about "providing assistance to prime sponsors to carry out programs designed to place the economically disadvantaged in private jobs". It refers to on-the-job training and vocational skills training and job development and a lot of other things that are already being done. But it offers nothing new. Except $400 million.

The Administration, for whatever reason—perhaps fear of alienating local prime sponsors (a false fear I would submit) or perhaps simply to maintain its consistent reliance on the CETA system—has overlooked its single greatest link with the private sector. The employment service has a proven track record of placing people in the private sector. Last year we placed 3.4 million people in private jobs, and we did it for less than half the cost of what the Administration is requesting for 100,000 jobs under this title.

I submit to you that the best way to involve the private sector is to clearly identify the State employment service as the primary private sector linkage. If, like the Administration, you lack confidence in the employment service, I suggest that you give those $400 million to the Governors to provide private sector jobs exclusively for the economically disadvantaged and through whatever vehicle the Governor deems appropriate. I am confident that the Governors will turn to their employment service to do this job for them. Because they know we can and will do it. And we will allot more than 100,000 jobs.

CETA-ES COORDINATION

The Administration proposal does not adequately deal with the issue of CETA-Employment Service coordination. As a matter of fact, it begs the question entirely and perhaps even aggravates the issue.

There is apparently a general understanding that since ES-CETA relations are improving—and they are—the legislation should continue the current chaos rather than clearly delineating responsibilities—"presumptive roles" I believe is the emotionally charged term that we have avoided in the bill.

Instead of defining who is to do what, the bill pretty much leaves the question open. And it may even aggravate matters by giving prime sponsors a vague charge to do something in the private sector. The role of the employment service in all this (Title II and VII) is pretty much left up to the individual prime sponsors.

The Governor is permitted to review and comment on prime sponsor plans concurrently with a Council which is supposed to advise him but is now given a direct shot at the Secretary of Labor. And the Governor is also charged with the responsibility for preparing a State "coordination and special services plan" for which he is provided neither authority nor resources to implement.

The coordination which is not now present in the bill could be provided very simply in one of two ways. The Governor is in a unique position to provide that coordination. This is recognized in Section 105 which calls upon the Governor to describe how he hopes to coordinate State and local manpower activities with other State operated activities such as vocational education, vocational rehabilitation, economic development and others. The Governor is the key. But the Governor is not given the tools—resources as authority to permit him to achieve coordination.

He could be given the tool in one of two ways:

1. Give the Governor approval over prime sponsor plans. (We recognize that this is a controversial issue and even some governors may not want this authority). But it is one way. The alternative—

2. Give the Governor the responsibility and the resources to provide the job search assistance functions. This would enable the Governor to carry out his coordinating responsibilities by placing him in a position to exercise some positive influence on local prime sponsors. Given some responsibility, and resources, the Governor can guide and persuade and encourage coordination by providing incentives and by negotiating and collaborating with local officials. Without responsibility and resources he can only prepare meaningless plans.

RESOURCE ALLOCATION FORMULA

Does the RAF restrict us from serving those with barriers to employment? If so, what specifically might be done to correct this?

As you know, the RAF does emphasize placements. And it rewards us for productivity in making placements by providing us with increased staff resources. Sort of like working on a commission.

Some have suggested that this impedes our ability to serve the disadvantaged by encouraging us to "cream" or seek out those easiest to place in order to accommodate the numbers game. Thus, the RAF is seen as an obstacle to serving the structurally unemployed. I believe that this case is overstated.

Let's be careful not to select the wrong solution to the problem. The problem is "How do we bring Employment Service resources to bear, to better serve the hard-to-place?" It's been suggested that during the 1960's ES had more *concern* for the disadvantaged and the minority and the other target groups with labor market disadvantages. And now, we are no longer concerned with these groups. Now we are concerned only with placement—cold, sterile, impersonal numbers. Placements upon which our budgets are based.

But before we suggest a solution, let's look at the result of our concern during the '60's. The result was that we did a poorer job of serving the disadvantaged than we are doing today. In those days, the Department of Labor's priorities for ES were on service to the disadvantaged. And they enforced their priorities then as now through the budget. ES agencies were rewarded for service to disadvantaged people with more dollars, and dollars for activities like employer visitations were cut. It went so far that the California agency at one time issued an order not to register unemployment insurance claimants because they were job ready and didn't need the service.

As a result of this emphasis, employers nationwide perceived that ES was not providing what they needed. And job orders dropped. Between 1963 and 1970 job openings listed with ES dropped from 8.2 million to 6.8 million. Placements fell from 6.6 million to 4.6 million. In the end, ES had fewer openings to offer any job applicant—disadvantaged or otherwise. Placements of disadvantaged in nonag jobs fell from 970,000 in 1969 to 798,000 in 1971 even though placements of the disadvantaged as a percent of total placements increased from 18 to 25 percent. Minority placements dropped from 1.9 million to 1.1 million during that period.

My point is that now, with our concern for cold hard numbers—placements—we are doing a better job for the hard-to-place than when we were concerned about the special problems of these groups. So let's be careful not to select the wrong solutions to the problem of how to improve our service to the disadvantaged. Employer groups have reminded us on occasion that they left us in the late '60's because we left them in the early '60's—and if we leave them again, they may not come back.

But, unless I overstate my case, let me say that something does need to be done about the Resource Allocation Formula—and I believe that the California proposal which attempts to allocate the funds where the need is greatest is a step in the right direction.

This is a very difficult problem for us to deal with in the Interstate Conference. We are trying. Our Administrative Finance Committee is meeting with DOL/ETA officials in New Orleans this week on this very subject. But we find it hard to resolve because for 13 years we have been dealing with a fixed level of resources. And no matter how you adjust the allocation formula or what formula you select, when you are dealing with a fixed level of resources, half of our member States win and half lose.

Perhaps the solution is to move gradually in the direction our colleagues in California have suggested—toward tying allocation to need expressed in unemployment, labor force and income—and to do so with the additional resources anticipated in Title VII. If that additional $400 million was given to Governors to place the disadvantaged in private jobs, the pain and shock of altering the RAF would be minimized. We would have a win-win situation instead of a win-lose. And, in my estimation, the country would reap the added benefit of a more logical approach to involving the private sector than that vaguely set out in the Administration bill.

SERVICE TO THE DISADVANTAGED

I think perhaps there is some misconception about the ability of the employment service to serve the disadvantaged. I think we are not doing all that badly at placing those with labor market disadvantages. Look at some of the statistics.

Youth: 43.6 percent of all the people we place are 22. 31 of every 100 who receives counseling is under 22.

Handicapped: We place 16,000 handicapped people every month.

Veterans: 16 percent of our new job applicants are veterans but over 18 percent of our placements are veterans.

Economically disadvantaged: In fiscal year 1977, we will place 7.4 million.

I think our experience in the WIN Program is especially significant when discussing services to those with barriers to employment. The WIN population represents the socio-economic group least likely to obtain employment—women, the unskilled, the undereducated.

In fiscal year 1977 welfare savings from WIN were estimated at $444 million compared to a total WIN program budget for fiscal year 1977 of $365 million. During this period 271,271 welfare recipients were placed in employment with the placements verified at the end of 30 days. Average hourly starting pay for men was $3.70. The average for women was $2.73 or about 75 percent of that of the men. In the mainstream of labor force, women's earnings are about 60 percent

of those of men. On the average, WIN beneficiaries were placed in employment at hourly rates about 50 percent above the federal minimum wage and approximately 25 percent of them were placed in jobs paying $4.00 an hour or more. WIN retention rates are also good, with more than 75 percent of those who complete the verification period still working after six months.

The WIN program has an enviable record on cost effectiveness. For each dollar spent in the WIN program it is estimated that welfare grants are reduced by $1.30 in the first year after placement.

Senator NELSON. We appreciate your contribution here. I think we have a number of excellent ideas we want to take into consideration in marking up the legislation.

The hearings will resume tomorrow at 9 o'clock in room 4232.

[Whereupon, at 12:55 p.m., the subcommittee recessed, to reconvene tomorrow, Thursday, March 2, 1978, at 9 a.m.]

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COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

THURSDAY, MARCH 2, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR OF THE
COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcomittee met, pursuant to notice at 9 a.m. in room 4232, Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Javits, and Chafee.

Senator NELSON. The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor will begin the third day of Washington hearings on the reauthorization of the Comprehensive Employment and Training Act, with testimony from Senator Birch Bayh. Following the Senator's statement the subcommittee will receive testimony from Congressman Michael Harrington; Arthur Flemming, Chairman, U.S. Commission on Civil Rights; William Grinker, president, Manpower Demonstration Research Corp.; Rabbi Menachem Lubinsky, Project COPE, Division of Agudath Israel of America; Greg Humphrey, director of legislation, American Federation of Teachers; Thomas Bradley, National Council on Aging; and Joe De La Cruz, National Tribal Chairmen's Association.

We are pleased to welcome you here. At this time I would like to ask Senator Bayh to present his testimony.

Senator Bayh, the committee is pleased to have you here this morning.

STATEMENT OF HON. BIRCH BAYH, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator BAYH. Mr. Chairman and members of the subcommittee, I am very grateful for the opportunity to appear here this morning to testify at your hearings on the reauthorization of the CETA program. While I know that this subcommittee is addressing the larger question of the CETA program in general, I would like to take a few minutes of your time today to address one particular aspect of the President's legislation on CETA, and that is the inclusion of displaced homemakers under title III of the administration's proposal.

As the author of the legislation to address the employment problems of this group of older workers known as displaced homemakers,

I wish to thank this subcommittee for holding 2 days of hearings on my legislation, S. 418, last fall. I am grateful for the interest in helping this category of disadvantaged job seekers expressed by you, Mr. Chairman, and particularly by Senators Cranton and Riegle and other members.

Senator NELSON. You referred to this group as older workers? There is no age factor in this proposal, is there?

Senator BAYH. Yes, Mr. Chairman. Women over the age of 40.

Senator NELSON. I see.

Senator BAYH. A displaced homemaker is defined as a person over the age of 40 who has worked in the home for a substantial number of years and suddenly, due to death or divorce, finds herself thrown into the labor market without the necessary job training or skills.

Senator NELSON. From my perspective those are young people.

Senator BAYH. I hate to think of women or men being categorized as older upon reaching the age of 40. The Labor Department does categorize people by age, and the unique problem of women in this age bracket is not only because of their age but because of the other definition which relates to their past homemaking relationship which has been involuntarily terminated. This tends to make me believe that there is a need to have the age description in there.

There is an estimated minimum of 3 million of these women across the Nation. They span the spectrum from former welfare recipients who no longer qualify for benefits because their children have just turned 18, to middle-class women who after divorce find themselves left with a family to support and no tangible income. One displaced homemaker from Detroit summed it up this way, "We are too young for social security but too old to find a decent paying job."

With all the advances we have made in the area of employment for women over the last decade, what have we done to assure the financial security of those 15 million married women who have chosen to be full-time homemakers? The answer is not nearly enough. To begin with, we have never adequately recognized the value of the homemaker's contribution to our Nation's economy. We have neglected the homemaker's contribution despite the fact that as early as 1918, the National Bureau of Economic Research estimated the value of the homemaker's work as one-fourth of the gross national product.

For the homemaker, who has spent a substantial number of years providing unpaid services to family members, we have provided little, if any, assistance to become a productive member of the labor force when faced with sudden financial insecurity due to the death of her spouse, divorced, or loss of traditional family income.

What happened to these displaced homemakers once they lost their traditional source of income? Many of these women try to re-enter the work force without marketable job skills or training. Unable to secure employment on their own, some of these women turn to the Federal Government for assistance. Sadly, the eligibility criteria for most Federal programs do not cover displaced homemakers.

In terms of social security, wives are unable to collect on their husband's benefits until the age of 60. For the wife of a civil servant, she may get no benefits at all if she is divorced or if her husband does not elect to take a reduced benefit at the time of retirement.

The predicament of the displaced homemaker is best illustrated by two examples. Take Mrs. Hill, a 53-year-old widow who has just lost her husband. After paying all the funeral expenses and the hospital bills for his illness, she started looking at her financial situation. Mrs. Hill called the social security office to find out approximately how much she would receive in widow's benefits. Since Mrs. Hill was not disabled, the social security office said that she would not be eligible for anything until she reached the age of 60. Mrs. Hill also inquired about the new supplemental security income program but those benefits are only available to individuals who are blind, disabled, or over 65. So before the age of 60, social security offers no coverage for an able-bodied widow.

Mrs. Hill was out of work and had lost her job as a homemaker. She was ineligible for unemployment insurance benefits because homemakers are not paid. Her other options were paid employment or welfare. Having been out of the labor force for over 30 years, Mrs. Hill experienced the following barriers: no recent work experience, age and sex discrimination which is still a reality in employment practices. She also went to the welfare office to see if she would be eligible for any assistance and found that she would be eligible for around $115 a month and food stamps, if she met the requirements. To meet those requirements she would have had to sell her home and move into a house or apartment or public housing with a maximum housing payment of $96. Mrs. Hill really did not want to move from her home and she did not want to have to take welfare assistance. She wanted to be a productive member of society.

Or what happens to a woman like Mrs. Adams who has not worked since her marriage to Mr. Adams 19 years ago, when her marriage ends in divorce? She begins to look at existing programs to see if there is any assistance available. Going first to social security, she finds that her marriage had to have lasted 20 years in order for her to be eligible for benefits on her former husband's earnings record. Had Mr. Adams been a Government employee, she would not have had a right to pension benefits no matter how long their marriage had lasted. Assuming Mr. Adams would have had the opportunity to take out an individual retirement account for Mrs. Adams, she would have had to have been 59½ years old in order to receive her retirement account payments. Mrs. Adams was awarded alimony by the court; however, she was unable to collect it regularly.

Mrs. Adams is not unique: according to a recent poll of 1,522 women conducted by the National Commission on the Observance of International Women's Year, about 86 percent of divorced women are not awarded alimony. Of the 14 percent who are, less than one-half of them collect it regularly. One might suggest that the Congress should enact legislation to increase the enforcement of court-awarded alimony and child support payments. However, from the results of this poll that 86 percent of divorced women are not awarded alimony, such a proposal would not assist the large majority of divorced women.

In the case of divorced mothers, the commission poll reported that 44 percent were awarded child support by the courts. Again, less than half of all divorced mothers were regularly collecting these child sup-

port payments and these payments would end when the minor child reached the age of 18.

How can we best address the employment problems of this group of disadvantaged workers? I strongly feel that the needs of these women can be addressed through the special programs under title III of the Comprehensive Employment and Training Act.

Under title III, the Secretary of Labor is authorized to provide special programs for segments of the community who are in need of services beyond that offered by the prime sponsorship program under title I. Among those groups already being served under title III at the present are youths seeking summer employment, older workers, ex-offenders, and persons with limited English-speaking ability. Under the administration's proposal, as I understand it, these target groups would be expanded to include handicapped workers, single parents, and displaced homemakers. I understand that these are those who question whether displaced homemakers are best served under title III programs as opposed to under the prime sponsorship program of title I. I think this is a reasonable concern. I don't think there is any question that the possibility exists, theoretically, of serving more women under title I than title III. The larger authorization of funds would clearly argue for the title I as compared with 20-percent limitation on the total funds for titles III and IV combined.

While on the surface it would appear that more women could be served by funding displaced homemakers under title I, there are several problems with relying solely on this approach. The first problem one encounters with title I funding is the eligibility criteria. My understanding is that the administration and probably several members of this subcommittee are interested in placing a greater emphasis on the requirement of "economic disadvantage" in order to qualify for title I funding. For displaced homemakers, this may present a particular problem in that many of these women, while being cash-poor, possess assets such as the family home which would make them ineligible for funding under title I. Given the trauma these women have experienced in terms of death or divorce, a sudden rupturing of the relationship which they have chosen for themselves or their family, I do not feel it serves any purpose to require the selling of the family home before such women can receive employment training which may keep them off the welfare rolls.

One other major concern with title I has been the history of the treatment of both women and older workers under the prime sponsorship program in the past. In 1976, the women's equity action league released a report of their study of the job related problems of women over 40. According to the statistics from that report, from January to November 1975, out of 14,284 participants under the title I prime sponsorship program, only 3 percent were older workers, either male or female, over the age of 40. I notice Mr. Arthur Flemming is going to testify, and I have discussed this particular problem with him as far as CETA is concerned. The report also found that while 13 percent of those running CETA programs considered older women in a positive way, 73 percent had either no contact with them or described them as people very difficult to place in jobs even after training.

The last concern I would like to raise with the title I programs is the limited ability of a prime sponsor to respond most effectively to the needs of these older women. The very nature of the prime sponsorship program makes it less flexible to be able to address the issues of employment training and job creation than community-based nonprofit organizations. The fear that I hear continually expressed to me, particularly from my State's own displaced homemakers program in Fort Wayne, Ind., is that these women do not want to be put into a training program which limits their skills to being a clerk-typist. They need most a program which can address the unique problems of women who may have been traumatically forced out of the home. This can best be done through innovative resources and flexible staffing patterns. I would like to quote from the testimony of Richard Batterton, director of the Maryland Human Resources Department, delivered before this committee last fall:

> The Displaced Homemaker, by definition, is a person who has spent a substantial number of years in the family home, and as such is not prepared emotionally to enter the job market and yet is forced by circumstances to make the attempt. The displaced homemaker has often suffered a traumatic experience, i.e., the loss of a spouse. Additionally, our experience is that she has little idea about what is available, what her skills and abilities are, and what she wants to do. It is this lack of focus and this fear that existing programs cannot address and what is so crucial to meeting the goal of self-sufficiency.

This brings up one other point I would like to address. I know that some members of the subcommittee have a concern over the concept of funding "centers."

The administration, in its proposal, did not spell out the need to fund centers, and I feel this is a mistake. Current experience in treating the employment problems of displaced homemakers has shown that the greatest success has been through the establishment of displaced homemakers centers, such as the one in Baltimore, Md. I notice Cynthia Marano, the director of this program in Maryland, is in the room.

The Maryland center, open since 1976, has served close to 2,400 persons, 90 percent of whom have incomes under $6,000 a year. Those who have run this highly successful program feel that its effectiveness has come in no small part from the fact that it is a centralized place where the displaced homemaker can go for a variety of services.

It is not my intention, nor the intention of the other 21 cosponsors of this legislation, that these centers duplicate existing programs or services. I strongly feel that these centers must coordinate and utilize existing services and resources wherever possible. Nor is it our intention that moneys be used to build or buy vast new buildings or complexes to serve these women. The Baltimore Center, I understand, operates in an old townhouse in the downtown area where it can best serve the needs of its clients, 50 percent of whom are from minority groups.

Senator NELSON. What is the funding for that program?

Senator BAYH. A 3-year program, $190,000, and funding comes from the State of Maryland.

Senator NELSON. $190,000 for 3 years?

Senator BAYH. Per year. It has had a remarkable success ratio.

Statistical evidence indicated clearly that women are entering the labor force in increasing numbers for basic economic reasons. Older women, whether to support their children or themselves, are often ill-prepared to enter the job market. If they do breach the barriers of age and sex discrimination they are still likely to be employed at menial, low-level occupations which provide only marginal income. This cycle can be broken only by supplementing their inadequacies of earlier education and training with counseling and training programs designed to provide better paying job opportunities. It is this need which would be addressed by the Displaced Homemaker Act.

Mr. Chairman, you and I have been long-term supporters of the equal rights amendment. I find it an interesting contradiction in our society that whereas the opponents of the equal rights amendment seem to have rather effectively captured the understandable love and affection that we have for our home as an institution, and to have suggested that if equal rights passes, that women are going to leave the home in large numbers, which you and I know is poppycock. The fact of the matter is there are large numbers of women who work today not because they like to get up and get out in the snow, but because they must do so to support themselves and their families. A significant number of these women are the kinds of women we are talking about who have chosen the role as homemaker, who feel fulfilled as mother and wife and suddenly that relationship is involuntarily terminated.

Mr. Chairman, what we are looking for here is establishment, and what we are asking your advice and counsel on is establishment of a program that is a self-help program, a program that is not looking for a handout.

We are looking for the kind of assistance that will make it possible for American citizens who happen to be women confronted with a unique kind of traumatic emergency, to have training in skills necessary to go out in the job market and provide for themselves and their families in the traditional way that people in this country like to be able to provide for themselves.

Senator NELSON. The staff advises me that about 11 States have passed legislation to assist displaced homemakers and that several other States have legislation pending.

Now would it be your proposal that the Federal Government preempt State services?

Senator BAYH. No, sir. I think there is a great deal of room for cooperative effort. I think the exact number of States that have displaced homemaker legislation is 14. Unfortunately, a number of these States have authorized legislation and are waiting for ways to fund it. I think when we have a center such as in Maryland, and it has been working effectively, to preempt the State would not make much sense. Rather we need to find a way to supplement or complement and assist in funding or indeed make other centers available in Maryland that are not now available. We need not go in and try to take the place of the Baltimore Center.

Senator NELSON. Did I understand you to say that there was a program in Fort Wayne?

Senator BAYH. Yes.

Senator NELSON. Is it a State or city program?

Senator BAYH. It is funded partly through CETA and partly through contributions from private, nonprofit organizations such as the YWCA.

Mr. Chairman, the reason behind the approach taken is based on, not theory, but a practical way in which these women and these centers have worked. The Fort Wayne people have had rather long conversations with me and I with them and, frankly, they were very concerned and it took a lot of persuasion with them to support the concept of total fnuding under the CETA program. They were concerned about this because they could see how the Fort Wayne CETA program had operated. There was a great deal of initial ignorance as to the concept of displaced homemakers.

But that need not necessarily be the case, it seems to me, if we are wise enough to restructure our definition to specifically establish these women as a target of assistance. This is why we are concerned that funding be put under title III, because it has not always worked under title I. Older men and women have been discriminated against under the title I program of CETA, Mr. Chairman. Homemakers particularly suffer because of their lack of actual job experiences. You have a woman, could be a college graduate, maybe with an advanced degree, and after she has been a mother and householder for 20 years, those skills are regarded as antiquated. She has no practical skills and suddenly her home is decimated by the loss of a spouse and she really needs help to be able to go out in this stage of the job market and provide for herself and her family.

Senator NELSON. How do you visualize administering the program? I did not conduct the hearings last fall because I had some conflicts in my schedule so I am not as informed on the specific proposal as I should be at this time. Who is the sponsor? How do you design such a program? How is it implemented?

Senator BAYH. The definition of "sponsor" under our bill would be a "community-oriented" not-for-profit sponsor, under title III. That is the way it is presently.

Senator NELSON. It reads: "Secretary is authorized to make grants," and so on.

Senator BAYH. If I might say, and I realize this is only a part of a very comprehensive piece of legislation, we do not change the definition of title III as it is in the legislation that you have been so close to. We just put displaced homemakers into title III so that the kinds of sponsorship that now exist in the other areas for title III would apply to displaced homemakers.

Senator NELSON. Yesterday we heard interesting testimony from a representative of the Chrysler Institute, which runs job training and placement programs in several States. They have in 10 years assisted about 50,000 people. From the testimony it would appear in terms of job counseling, training placement, follow-through, and job retention rates, in the private sector following training that numerous economically disadvantaged persons, including a high percentage of youth, have been assisted. The program is able to place participants in the private sector with a degree of success because they deal with the individual in some depth and not simply as a referral office.

Would this be an appropriate sponsor, say, in Detroit or any place where these are for this particular program?

Senator BAYH. I would think it would be. I am not familiar with that particular company.

Senator NELSON. This program was started just for Chrysler Corp. It now administers special training programs for other businesses which desire special employment assistance. Would a program similar to Chrysler's be authorized under your proposal?

Senator BAYH. Yes, sir. It sounds to me like that kind of particular individualized attention is what unfortunately has been lacking in this program.

Senator NELSON. Identify yourself for the record.

Senator BAYH. She is Cynthia Marano.

Senator NELSON. You represent the Baltimore program?

Ms. MARANO. I am director of the Baltimore Center for Displaced Homemakers.

Senator NELSON. Did you wish to make any comment on the testimony by Senator Bayh?

Ms. MARANO. I would specifically like to support Senator Bayh's testimony. It reflects very much what our experience has been.

Senator CHAFEE. I would like to ask a question if I might, Senator. I am familiar with this program. I think it has a lot of merit. I think the cases you cited in your testimony and the problems these women have are very poignant. The only problem is, under CETA, as we are considering it, making it a special title, as I understand you, is it your feeling that under the current CETA programs—I missed a bit of your testimony; I apologize for being late—is it your suggestion that they are not being serviced under the present situation because of age, or sex discrimination, or what?

Senator BAYH. As you know, under title III, that is a program that is designed to deal with the need for retraining and job opportunities for groups of people that have specific problems, as I recall, ex-offenders, young people seeking summer jobs, people with limited English-speaking ability, and older workers. The fact of the matter is, as I mentioned in my statement, only a very small percent, 3 percent of those who have been serviced are older in the title I program.

So you see the reason we feel it should be brought into title III program is that the title I program has for all intents and purposes ignored those job seekers once they get beyond a certain age.

Senator CHAFEE. That, it seems to me, is a key part of this. It seems to me so often in Government when something goes wrong, instead of—Admiral Moore used to have a saying in the Navy Department, "When something goes wrong, it doesn't always mean we have to change the law. Maybe we ought to change the people."

If these programs in title I are not servicing older people, they are being discriminated against. I am just not sure that we ought to set up a special category for older people; we ought to straighten out title I and see that they do what they are meant to do.

Is that a simplistic solution?

Senator BAYH. No. I would hope in your combined wisdoms you could do that, but that does not get to the fact that title III was designed to meet the needs of certain groups of people who had

certain special employment problems. Women historically who have served as homemakers are faced with a unique kind of problem.

Many of these women would not fall under the traditional definition of economically disadvantaged even though all they have left is the family home.

Senator CHAFEE. They may have a good house?

Senator BAYH. Yes.

Senator NELSON. Let me say that title III does not have an assets test.

Senator BAYH. Title I does, does it not?

Senator NELSON. No. There are no assets test. There is an incomes test.

Senator BAYH. A divorced woman? I think a widowed woman would not be subject to a test; but is a divorced woman?

Senator NELSON. There is no assets test at all. There is an incomes test.

Senator BAYH. Mr. Chairman, I think to be specifically accurate, there is a problem under title I for a separated woman.

Senator CHAFEE. I am not trying to quibble with what you are saying. I think the problem you are raising is a very legitimate one. But when you talk about those who are separated, who are not divorced, and whose husbands are living, you are really talking about a pretty limited group from the group we are normally trying to cover under displaced homemaker, which is widow or which is the divorced woman. The only thing that bothers me—again I am getting back to the original point—as you know so well from your vast experience, that we are always having people who want a special category and that brings up a multitude of administrative problems, and perhaps discrimination in trying to administer the overall account.

For instance, under CETA, the prime sponsor, could now subcontract to displaced homemaker centers.

Senator BAYH. They just don't. You are absolutely right. I confess I have on occasion succumbed to that categorization temptation myself, and this legislation is a good example. When we originally started, we were thinking about separating these women out and creating a new categorical grant program. On reflection, on study we thought it made a lot more sense to include them in a program that was already there. We are not establishing a new program. We are saying that these women should be included in the program as a category that had special problems.

One of the exciting things about title III, it seems to me is that this permits a wider array, more innovative approaches to job opportunities and training opportunities. Here you are talking about a class of women, many of whom may be well educated by the diploma standard, but when thrust out on the street they have no marketable skills. To suggest all we are going to train these people to do is to be clerk-typists and not take advantage of the raw material that is there in the form of productive workers, who have very trainable skills, I think is to lessen the real opportunity of a training program.

Senator CHAFEE. Do you have an age limitation—it must be over a certain age?

Senator BAYH. Over age 40.

Senator CHAFEE. How are we working timewise?

Senator BAYH. I have taken too much time.

Senator CHAFEE. What do you think—this is kind of a big question—maybe I better not ask it. It is opening the flood gates. I will talk to you privately about it sometime. We have to quit at twelve.

Thank you.

Senator NELSON. The committee appreciates your testimony.

Our next witness is Congressman Michael Harrington.

Congressman Harrington, the committee is very pleased to have the benefit of your testimony this morning.

STATEMENT OF HON. MICHAEL HARRINGTON, A REPRESENTATIVE IN CONGRESS, FROM THE STATE OF MASSACHUSETTS

Mr. HARRINGTON. I do have a prepared statement which I would like to have a part of your permanent record and would like to speak briefly and informally to the concerns which I have.

Senator NELSON. It will be printed in full in the record at the conclusion of your testimony.

Mr. HARRINGTON. Let me say at the outset that the knowledge or sense I have of this issue has been accidentally and perhaps reluctantly acquired. I am not this morning, either in the testimony or in the remarks I am making to you, holding myself out as a source of long-term interest or wisdom on the improvement of this program. But there are some areas that I would like to make certain observations about.

First, in the category of opportunity, for the first time, since we are able to talk in terms of being confronted with CETA-like programs as a probably semipermanent part of our economic landscape, we will have a chance to have an executive and a legislative branch that are as one, or let us suggest comparatively as one as against previous experience. A few years ago, we attempted to write this and other economic stimulus legislation in the setting of divided government, which led to many of the anomalous situations, particularly in public works, of overcoming vetos and leaving, ironically, the writing of legislation to people philosophically opposed to the program.

I think that the present opportunity provides an interesting chance to redeem some of the rather bad standing that the program of this kind now has, and I hope we take fullest advantage of it, both in terms of what we do and in the trust we place at the executive branch level to carry out what is perceived to be a somewhat more acquiescent philosophic view of the need for this kind of program, and not tend to view this with the wariness, with the concern that has prompted us in the past, I think, to get into too much detail.

Having said that, I have come from a couple sessions with statewide subgrantee CETA types in Massachusetts, and a more intensive session with my own CETA subgrantee.

I am not at all sure that we need new titles, or we need greater specificity, though I welcome the recognition in new title VII that there will be an emphasis placed on attempting to link with the private sector more than has been the case. I think we need at the administrative end far more flexibility of mind, far more daring as a quality of attitude than we have had characterize this, and I do not know how we write that, and I do not know how we should be expected necessarily

to do much more than attempt to intensively oversee implementation of this with that kind of expressed mandate in mind to the people out there in the State at the subgrantee level administering these programs.

I do think in some specific instances, instances reflecting on the fact that we have some constraints on wage level, and looking at basic differences of cost of living that the Senator from Rhode Island shares, that we should not continue this program without building in some appreciation of those differences.

I think we have to do some work in areas suggested by Senator Javits concerning the question of the relative level of structural unemployment that we are frequently not addressing, in letting this become a public service vehicle for harassed mayors and governors to deal with in some instances mindlessly.

I think these things can be a part of what we suggest in general rather than specific language.

Furthermore, in keeping with the administration's effort to recognize this as only one piece of a total urban policy package, to deal with prolonged, severe, semi-permanent economic dislocation, I would like to encourage flexibility and have this coupled with other private and public sector initiatives to accomplish specific goals.

I have seen mindless application of this program at the subgrantee level in Massachusetts, pieces of money with basically no impact on the serious economic problems or the more important problem of that harassed and sat upon middle-income type who feels he is paying for these programs and getting nothing back when it comes to what he tangibly sees.

In general the testimony that I have given this morning in somewhat more formal sense I think can be summarized by suggesting that I think we ought to in any way we can, urge flexibility, urge an effort on the part of the administration to encourge the broadest possible leeway in what they propose to do to promulgate regulations dealing with whatever legislation emerges, and above all, on our end not attempt to place ourselves mentally or philosophically or chronologically at a point in time where there perhaps is great historic justification from being wary about people turning over to the adversary, occupying another branch of government to operate—I think we can do that—I think it is an obligation we have, having built an expectation that this is closer to our philosophy as to how, as the majority party, we should deal with these problems—I think we have a test we ought not fail in this area.

Senator NELSON. Thank you very much, Congressman Harrington.

What are you referring to as specificity, in general or just in this bill?

Mr. HARRINGTON. I call it generic to the institution, but in particular to this bill. I think it is far too much of an effort in all of this to try to deal with every potential area that we can conceive of, and not a willingness if we believe in that type of process, and have some reason to trust rather than distrust those who are going to be administering this program, to let them have some rank by the very nature of the way we enact this legislation and by the language we choose to characterize our philosophy as a bottom line in enacting this legislation.

Senator NELSON. There are perhaps some questionable provisions in the legislation.

Mr. HARRINGTON. I did not hear.

Senator NELSON. There are, I think, some questionable provisions in the bill. I generally endorse the concept of authorizing a particular legislative objective and then permitting some flexibility in the administering of that objective. If they are good administrators, they are much better qualified to address themselves to the accomplishment of the objective we seek, if we give them flexibility rather than if we tie their hands with a whole lot of specific provisions, many of which we find out later really do not work very well or compel people to do things that have the result of not the most efficient expenditure of funds, available to them.

Senator Chafee, any questions?

Senator CHAFEE. Well, first, Congressman Harrington, I want to thank you for your statement and say we appreciate your coming here today to give us your thoughts, because this is a complicated matter. It is the old story. I philosophically believe in your flexibility argument. Having come from State government, I always think that the Federal Government imposes too many restrictions and look at us down there in the trenches as rather stupid people who do not know how to run our affairs.

But we do have a situation in which we had not only testimony but personal experience with, in what really amounts to abuses in the program by the very amount of flexibility that has been given.

You might have seen the Star report last night. It is too bad that the Washington City Council is being singled out for this, because I think this is taking place all over the country. The school systems in many communities are staffed by substantial numbers of CETA employees, I mean 10, 15, 20 percent of their teachers are CETA employees. The city halls are filled with CETA employees, police and fire departments as well, and this really was not the purpose of the program.

So to give this flexibility which we all want to do has undoubtedly led to abuses. The question is, what do we do? I just do not think that under CETA, from my experience, we are just really accomplishing the goals of training people for jobs.

Mr. HARRINGTON. Senator, I do not disagree. I am not so sure that the worst abuse is so much either the person who trespasses up the line of criminal violation or the person who is attempting as a protege of the D.C. City Council to feather his own nest, as it is a timid type to tell you what he or she cannot do, because of all the strict regulations, and you end up with all of us diminished by a program that has no appreciable impact because there is no vision, no management on the part of those who run it.

I would assign greater culpability there than I would on the flagrant abuses that are uncovered. That is my own bias.

Returning to the chairman's comments, if you have the kind of people who can oversee these programs—I would oversee these but give them all the running room and say you run it, if we have any kind of commitment to the Federal process working and not continuing to aggrandize itself here.

Senator CHAFEE. Give flexibility but hold the administrators of the program responsible for achieving results.

Mr. HARRINGTON. I do not want to make this a partisan observation, though it will historically be made as one. I think there is reason historically for what has happened to these programs. I look at the experience in the Ford administration to get public works bills through, and I see what happened; we have a watered-down version in the fall of 1975 pass, and we turn the operation of that program over to the executive branch, which has been adamant in its philosophical opposition to it and we ended up in the New England area getting done in—hostility and unemployment data which were at best suspect. I can understand that historically. I cannot understand why we persist in believing that we have to take that same course.

If anything at all, and I have said this about the welfare bill and energy bill, I would give these guys one line, and in 1 week's time, say run it—and play overseer, rather than attempt to play executive and wind up with nothing, and have the public wondering where the jobs are.

Senator CHAFEE. Are we not being a bit unrealistic in this program which by its very nature is run by the locals? It is a wonderful situation in which local people are spending Federal money. I suppose when Senator Nelson was Governor of Wisconsin he would have looked on that as a very favorable situation. Certainly we did at home. Do you not have a conflict?

If you are saying to the mayor, here is this money; you run it, you get people employed, and they will come in Monday, the Governors and everybody, and I am sure they will insist that they are training people by having them on their local fire departments. Now at the same time it does relieve their city budgets of a great strain, but they all insist that these people are being extremely well trained as firemen.

What do we do? That was not the purpose of the program to just supplement the city income.

Mr. HARRINGTON. This seems to exacerbate it by allowing language used by the Secretary of Labor last week.

Senator CHAFEE. When you say give them flexibility but oversee it, the overseers are the mayors. We are sitting here. But they are the administrators of the program or prime sponsors. How do we handle that?

Mr. HARRINGTON. I do not think there is any kind of adequate resolution to the question you pose, if you are prepared to go this direction. I am suggesting that the track record to date, I think, is so dubious and has acquired such a lack of legitimacy, I would take the risk of saying here it is; we are going to put you to the test. You decide. We will give you the rank you need. We hope you will hire people who are something more than timid nay-sayers, and we are going to hold you to it. Take a chance. It has to be as good as what we have gone through today, and the kind of frustration that is attendant with administrators describing what they run into in dealing with the feds.

Senator CHAFEE. Have we not given them a lot of flexibility?

Mr. HARRINGTON. The one repetitive thing I have heard in Massachusetts is that, internally, the difficulty dealing with subdivisions in the Department of Labor and counterparts at the State level, if one is dealing from the perspective of the subgrantee, and attempting to get through the morass of regulations into degree, is what narrows the opportunity for a range, for imagination.

Again I think you can cure this by a hero theory, by the right people who are going to be doing what they want to do regardless of this.

Senator CHAFEE. Would you have a limitation on the time that CETA employees could hold a public service job?

Mr. HARRINGTON. Yes; but not rigid. I would give them some room again. Not that it has to be 12 or 15 months.

Senator NELSON. This bill does provide a 12-month limitation.

Mr. HARRINGTON. I understand that.

Senator CHAFEE. I agree with your philosophy. I would rather see a few scandals in a program——

Mr. HARRINGTON. And have a program.

Senator CHAFEE. I think we are overscared of scandals. The way to prevent scandals is to have entanglement of redtape; you will not have any scandals, and you would not get anything done. I do not want reporters to write down I am encouraging scandals in the Federal Government, but I think we ought to expect a few.

Mr. HARRINGTON. I mean that, Senator.

Senator CHAFEE. Thank you, Congressman.

Senator NELSON. I agree with what Congressman Harrington had to say, and I assume from your remarks that you do also. We heard a similar argument when we were trying to get away from categorical programs, run out of Washington and give more responsibility to prime sponsors. I was in favor of that. It took us about 3 years to accomplish that. And the argument of so many people was, well, you cannot trust this State to do a good job or this government to do a good job; therefore we ought to keep tight strings on it. I think the appropriate response to that is that just because there are some incompetent and dishonest CETA program administrators, we should not tie up all prime sponsors in the country with redtape.

Better oversight and withdrawal of funding for a prime sponsor who wastes the money or spends it improperly, are appropriate measures. I think that is a much better approach than to have so many rules and regulations which will affect all prime sponsors in an attempt to correct a few problems.

Mr. HARRINGTON. If we really mean what we say about this process, and we want to give it something more than a civics textbook aura, we better start to trust people when it comes to letting them botch it, if we are going to botch it, and letting them be heroes if they are going to be heroes—but we do not do it.

Senator NELSON. I agree thoroughly.

[The prepared statement of Congressman Harrington follows:]

MAKING CETA WORK

TESTIMONY BEFORE THE EMPLOYMENT SUBCOMMITTEE

SENATE COMMITTEE ON HUMAN RESOURCES

BY: U.S. REPRESENTATIVE MICHAEL J. HARRINGTON

MARCH 2, 1978

With the specter of the coal strike freshly before us this week, I feel a bit like one of those ubiquitous negotiators running between opposing camps. I have just spent part of the past week listening to CETA administrators in my home district and in the State of Massachusetts complain bitterly about our legislation here in Washington which constrains them and interferes with their work. I did my best to emulate the stern example of Secretary Marshall, advising the CETA workers that not everything could be accomplished legislatively -- that for their part they needed to be a lot more creative and a lot less institutional in their responses to local problems.

But now I find myself returning from the "front" playing the mediator from the other vantage point and I must say, in evaluating my role this morning, that those on the local level with whom I've met have as many complaints to send back to Washington as I had for them. Indeed, there is much in the CETA program which needs to be changed, and I am hopeful that we in Congress can contribute to a usefull settlement.

Before we allow the imagery of confrontation to take over, I think we need to make it clear that the battle in which we are engaged is not among ourselves but one waged together against the persistent human tragedy of high unemployment in a nation which has the means to do better. Our record with four years of CETA as our principal vehicle in bridging the unemployment gap has been one of mixed reviews at best. Mr. Chairman, with the President's proposal for CETA reauthorization now before your

committee, let me briefly touch upon some of the problems which in my view have occurred during the last four years.

The Comprehensive Employment and Training Act of 1973 and its subsequent amendments attempted to alter in a fundamental way governmental responsibility for manpower policy formation and delivery of services. CETA was enacted with the intent of forming a partnership between local and federal government in a manner which could be most beneficial to the unemployed. By this plan, the federal government was to be the general overseer, making sure prime sponsors followed the guidelines as well as the program's purpose, while local governments would run their end of the program according to the specific needs of each locality. With this commitment to decentralization, and a dissatisfaction with an accumulation of fragmented programs, the authors of CETA hoped to limit the federal role and place greater control on the local level.

CETA was expected to promote two types of change. It was anticipated that the distribution of funds among major programs (e.g. classroom training, on the job training) could be easily adjusted as sponsors began to adapt existing approaches to the needs of their clients and the demands of their labor markets. It was also hoped that elimination of categorical restraints would release a flood of novel local ideas that would redesign programs.

When the program was implemented, however, the idealistic conception of CETA quickly began to show signs of inconsistencies. The roots of CETA difficulties began with federal involvement, primarily in the area of program regulations. In my recent discussions with Massachusetts program

directors, the difficulty of following federal guidelines, emerged as their number one complaint. They stress the fact that coping with federal regulations is so exasperating that the final result is the implementation of a program far removed from original intentions. With all the red tape and reporting requirements, the claim is that no time is left to submit proposals or to plan a program. The choice which they have faced was either to meet target goals for hiring or having the government strip away their operation funds. Finally they came to the conclusion that the federal regulations were more concerned with properly filed forms than with helping the people CETA is supposed to help--the unemployed.

One of the administration's most eagerly anticipated proposals is the revision and streamlining of federal regulations governing CETA. The administration's proposal was to reduce significantly the over-emphasized paper work requirements of the act. However, the promised revision has not yet been realized although the Employment and Training Administration has assured us that the streamlining of federal regulations is in progress. I wish the administration luck, and hope their effort reaches the level of accomplishment it must in order to alleviate the numerous problems inherent in the present set of regulations.

Another concern expressed by local CETA directors was the lack of Federal program integration. There is little effort on the part of the Federal government to coordinate the vast number of Federally funded job related programs. The problem of conflicting funding cycles coupled with the

restrictions of the Davis-Bacon Act has actually inhibited program administrators from carrying out their function. The Administration's reauthorization bill seems to do little.

A major inequity present in the current CETA legislation was retained in the President's reauthorization bill. This inequity revolves around the income ceiling imposed on CETA employees. \This wage limitation of $7800 for the average CETA worker, with a maximum of $10,000 for any worker does not reflect regional differences in cost of living., The failure to adjust for cost of living differences is a continuing problem which plagues all Federal funding issues, but is particularly harmful in the case of CETA which was established to aid those in the low income brackets. This failure has resulted in the de facto reduction of wages of CETA workers in high cost areas' largely in the Northeast and Midwest. Without the legislative acknowledgement of regional cost of living differences through the adjustment of CETA wage ceilings, this inequity will continue to hurt those least able to bear this economic hardship.

There are further deficiencies with the present program which are even more serious and which the Administration fails to address. Members of this committee know that for some time I have been involved in the issue of unemployment statistics and the question of alternative measures of hardship. The issue represents far more than a dry branch of statistics to be debated and refined by economic specialists. These measures are the basis for our targeting of important programs and billions of dollars. Given their significance, then, there is much cause for concern in the

negligent attitude evidenced by the federal government over the last few years. This is particularly true in the case of CETA.

A little known but nevertheless significant section of the original CETA legislation mandated that the Secretary of Labor develop "preliminary data" for "a statistical measure of labor market related economic hardship in the nation" which would go beyond the traditionally used unemployment rate. Unfortunately, the Department of Labor never fulfilled this obligation. The Manpower Commission's for 1974 made a passing reference to its failure to do so and nothing has been heard about the problem from them since. As a result, the targeting of structural unemployment programs under CETA is still achieved with a straight unemployment rate that is less sophisticated and less sensitive than it should be. In fact, a comprehensive review of the CETA program, undertaken last year by the Advisory Commission on Intergovernmental Relations, severly criticized the effects of this rough targeting process. The Commission revealed the startling fact that 14 of the 15 largest cities in the country have "experienced significant reductions in their pre-CETA funding levels." Concluding that allocation formulae "should reinforce rather than blur the spirit and intent of the act," the Commission advocate a revision of the formulae "on the basis of indices that gauge long term unemployment and low income." Mr. Chairman, I cannot express too strongly my support of that statement — it is a position which I have espoused for over a year.

In the face of this critique, one would expect that the Carter Administration

would be working substantively towards these more refined measures of hardship. Unfortunately, the Administration has apparently abandoned this area. Secretary of Labor Ray Marshall stated in presenting the new CETA plan to Congress last week (and I quote) "we are concerned about targeting more money to areas that most need it; however, we have not altered the allocation formulas at this time." Despite this inaction, I have been working, through the Northeast Midwest Economic Advancement Coalition which I chair, in conjunction with some federal agencies to develop a more sensitive measure of hardship which reflects a broader range of economic factors to get at the structurally declining areas of the country. I hope to have something substantial to report to this and other committees on this subject in the near future.

Let me add, at this point, that although my major concern is with the failure of <u>any</u> simple unemployment rate to reflect deeply rooted economic hardship, there are several complaints which I believe can be raised with our current unemployment data even on its own terms. For example, the fact that we do not count discouraged workers as part of the labor force is a serious shortcoming if we are to search out areas of particular need. Our further refusal to sufficiently expand the current population survey to avoid such heavy reliance on claims-based unemployment statistics which misrepresent urban areas, is at least regrettable.

Along these lines, Mr. Chairman, let me reiterate a theme which I pursued last week before a House Committee which was investigating the recent methodological changes for unemployment data. It is quite clear

to me that no one either at the Bureau of Labor Statistics or at the Employment and Training Administration has given much thought to the impact of these recent changes on those cities and metropolitan areas where B.L.S. has decided to abandon the use of the current population survey. Preliminary work by the cities of Chicago and Philadelphia, however, is anything but encouraging. Philadelphia, for example, has calculated that with the new methodology, its unemployment rate for 1977 would have decline 1.5% and its CETA allocations would have dropped $6.4 million. Such impacts could be disastrous and they again raise the question of whether we are honoring the priorities established in the CETA legislation.

An equally important point which is related to the question of targeting areas of structural decline concerns the problem of skills improvement and training as opposed to public service employment. As you know, Mr. Chairman, CETA replaced three major assistance programs, two of which --the Manpower Development and Training Act and the Economic Opportunity Act-- were manpower programs, not public employment plans. In this light, one can only be disappointed with the Administration's decision to permit up to 50% of the funds for structural unemployment under CETA title II to be expended on public service employment. Coupled with the already dominant expenditure under Title VI, this means that at least two thirds of CETA funding will quite likely be spent on employment programs for those who are "job-ready" as opposed to programs which aim at those sectors of severe and persistent unemployment -- where absence of skills or education, poor work attitudes, and alienation from the labor force

combine in stubborn resistance to ordinary employment programs. The simple fact is that, since CETA's inception, we have moved further away from the challenges of solving structural unemployment both in terms of our training and placement programs and in our commitment of funds. Yet, this was precisely the area in which CETA's basic philosophy of decentralization was supposed to have its greatest effect in fostering creative approaches to unemployment on a local level. Most importantly, in many cases the increasing preoccupation with public service employment is now sustained by the constant pressures from local officials to augment the public service commitment.

The CETA program has, in many instances, been largely a fiscal relief measure for state and local governments. Surely the collective wisdom of the Congress and the Administration can devise a more direct means of providing badly needed fiscal relief without diverting dollars from our jobs and training programs.

We need to rededicate CETA to the creation of long-term jobs and development of permanent skills to fit them.

Towards that end, I strongly commend the Administration for its initiative in strengthening the private sector participation in CETA with the proposed addition of Title VII. I fully concur with Secretary Marshall's appraisal that "the current CETA program is not yet successful enough in moving workers from subsidized employment to the private sector." Frankly, however, I do have misgivings about the creation of a separate title. In discussing this proposal with CETA administrators in my own state last week I encountered consistent, and I believe compelling opposition to Title VII- particularly

to its creation of yet another planning council. With near rebellion occurring in many local areas in response to the excessive bureaucracy and regulations of the CETA program it hardly seems advisable to add on another advisory layer to encumber the program. Moreover, the isolation of private sector involvement in one title threatens to undermine whatever cooperation business has thus far provided under existing programs under Titles II and III. I solidly support increased involvement of the private sector, butit is not clear to me or to those on the local level why private business involvement in the planning councils which already exist can not be increased.

Having talked a good deal this morning about the problems of attacking unemployment in the economically distressed urban areas, let me express my gratitude and admiration for the work which Senator Javits has done in this area. The Senator's bill goes precisely in the direction which I have suggested I support, and I strongly urge this committee to consider its provisions as you approach the question of reauthorization. As Senator Javits indicates, with the recent decline in national unemployment, the structurally troubled areas' visibility is increasing. We are faced with a situation of deteriorating private sector involvement in urban areas, and large, disadvantaged populations without marketable skills. This dilemma will not be solved by temporary, stop-gap measures such as counter-cyclical public service jobs, whose indirect effect is the artificial reduction of the unemployment rate for a limited time. Senator Javits' bill has the important aim of targeting assistance to those areas with the most serious structural decline. I would still caution the committee in addressing this structural question, on the insufficiency of the data we have. If, for example, you only look at the local unemployment rate, you

will find that San Diego has a higher figure than the city of New York: 9.3% as opposed to 8.5%. As we all know, federal aid would be based on these figures. However, if you begin looking at some of the other economic indicators you will perceive some of the complexities of the situation. In terms of employment growth, for example, the increase in San Diego since 1972 has been over 24% while New York, during the same period, suffered a drop in employment of more than 11%. These are the sorts of factors we must bear in mind when designing our employment programs.

Mr. Chairman, if I have emphasized this morning the things which we have not done, it is only through impatience and frustration, not gloom and despair. The challenge of full employment and the placement of all willing and able citizens into productive work is one which every advanced economy must confront. If there is one generalized message which I would leave you today, it is the need for flexibility and vision in our employment programs -- flexibility to let local areas deal as freely as possible with their unique employment problems, and the vision which will allow us to blur the distinctions between public and private sectors so that we can use the resources at our disposal in both domains to bring some sort of economic fulfuillment to those whom our economy has so far ignored or excluded. And to the extent that we use public service jobs to supplement our projects with the private sector, the taxpayer should be able to look out the window at a clean street, a well-manicured park, a freshly painted public building, or a newly wrought statue in the square and say to himself that public service jobs contribute something to the community.

If we keep those guiding principles in mind, then I think we can approach the future with conditional optimism. As a fellow New Englander, Henry David Thoreau observed, "Man's capacities have never been measured; nor are we to judge of what we can do by any precedents, so little has been tried." In that spirit of trying new solutions, I look forward to all sectors of the country working together to fashion a CETA progra- which will serve the needs of America's unemployed.

Senator NELSON. Our next witness is Mr. Arthur Flemming, Chairman of the U.S. Commission on Civil Rights.

The committee is pleased to have you appear here today. You may present your statement however you desire. It will be printed in full in the record.

STATEMENT OF ARTHUR S. FLEMMING, CHAIRMAN, U.S. COMMISSION ON CIVIL RIGHTS, ACCOMPANIED BY LUCY EDWARDS, CONGRESSIONAL LIAISON UNIT, DIRECTOR, COMMISSION ON CIVIL RIGHTS; AND SHERRY HIEMSTRA, STAFF MEMBER OF U.S. COMMISSION ON CIVIL RIGHTS, AGE DISCRIMINATION STUDY

Mr. FLEMMING. Mr. Chairman, I am happy to have the opportunity of appearing before you and your colleagues in connection with this very important legislation. I am accompanied by Ms. Lucy Edwards, who heads up the Congressional Liaison Unit for the U.S. Commission on Civil Rights, and Ms. Sherry Hiemstra, who was one of the members of the special staff that looked into the whole question of age discrimination.

At the outset, Mr. Chairman, I would like to take note of the fact that over a period of the last week or 10 days, a good many articles have been written built around the theme "Ten Years After the Kerner Commission Report." These articles have tried to identify pluses over this 10-year period and minuses.

I think most of us would agree that the minuses outweigh the pluses. I think most of those minuses relate to our failure as a nation to deal with the employment problems in a positive and constructive manner. Consequently, I welcome the attention that this committee is giving to these issues in connection with the pending legislation. The U.S. Commission on Civil Rights recently issued its state of civil rights report for 1977, and we identified this area as one of the most discouraging areas in the whole civil rights area. It is certainly our hope that out of your deliberations will come not only reauthorization of the Comprehensive Employment and Training Act, but a strengthening of that act so that it will address itself more effectively to the issues that confront us.

As a result of a recent study of age discrimination in federally assisted programs conducted in accordance with the Age Discrimination Act of 1975, the Commission on Civil Rights concluded that older persons are not receiving their fair share of resources under either the training or the public service employment programs of the Comprehensive Employment and Training Act.

The Age Discrimination Act of 1975 directed the U.S. Commission on Civil Rights to conduct a study of unreasonable discrimination on the basis of age in the administration of programs or activities receiving Federal financial assistance.

This study was conducted between September 1976 and December 1977, and the Commission transmitted findings and recommendations to the President, the President of the Senate, and the Speaker of the House on January 10, 1978.

The Comprehensive Employment and Training Act programs—specifically the title I manpower services program and the title II and title VI public service employment programs—were among 11 pro-

gram areas selected for study because of their importance as programs intended by the Congress to serve the general population.

First, the Federal statutes, implementing regulations, administrative policies and guidelines, participant data and other materials for each of the Federal programs studied were analyzed in the following six geographic areas: San Antonio, Tex.; St. Louis, Mo.; Jackson, Miss.; Seattle, Wash.; Augusta and the State of Maine; and Chicago, Ill.

(A) The State government agencies and the Federal regional offices serving these areas and having responsibilities for the programs studied were also included, along with appropriate State and area agencies on aging.

(B) During the course of the field study approximately 500 interviews were conducted.

Second, in addition, four public hearings were held at San Francisco, Calif.; Denver, Colo.; Miami, Fla.; and Washington, D.C., at which testimony was taken from more than 300 witnesses.

After weighing the evidence gathered from the field studies and the public hearings we concluded:

First, that barriers have been erected by both public and private administrators between persons falling within particular age groups—especially children and older persons—and services which are financed in whole or in part by the Federal Government.

Second, that erection of these barriers is having a serious adverse impact on the lives of children and older persons who need these services—it is a depersonalized approach which is in direct conflict with the concept of the dignity and worth of the individual.

We recognize that Congress from time to time has made provision for special programs designed to meet the needs of specific age groups, an approach which constitutes sound public policy.

We have examined the reasons that have been advanced for using age as a barrier for the delivery of services supported by the Federal Government and have concluded:

First, none of these reasons constitutes a valid basis for disregarding the needs of individuals falling within these age groups.

Second, all such barriers constitute "unreasonable discrimination" on the basis of age and should be prohibited by law.

Third, exceptions to this principle should be made only by the Congress and no authority should be granted to public or private administrators to make such exceptions.

Within the framework of this brief summary of our report I would like to underline some of our specific findings regarding the Comprehensive Employment and Training Act programs and discuss some of the Commission's recommendations on actions that could be taken to eliminate discrimination on the basis of age.

There are marked age disparities in program participation under titles I, II, and VI.

TITLE I TRAINING PROGRAMS

In the title I training programs, persons under 19 participated during fiscal year 1976 at twice their representation in the unemployed population, 35.9 percent of enrollees.

During this same period, persons 45 to 54, who comprised 10.9 percent of the unemployed population, made up only 4 percent of title I enrollees.

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Persons 55 to 64 comprised 6.8 percent of the unemployed population and 1.9 percent of enrollees in the title I training program.

Persons 65 and over, who made up 2.1 percent of the unemployed population, comprised only 0.8 percent of title I training program enrollees.

TITLE II AND TITLE VI PUBLIC EMPLOYMENT PROGRAMS

In the titles II and VI public employment programs, a different pattern of participation was found.

Persons under 19 had very little participation in the title II and VI programs—4.4 and 4.6 percent, respectively.

The highest concentration of enrollees was in the 22-to-44 age range.

Persons in this category who made up 46.5 percent of the unemployed population age range comprised over 64 percent of enrollees in both programs.

Enrollees in title II and title VI programs were 45 to 54—8.9 and 8.7 percent—compared to their measured rate of unemployment of 10.9 percent.

Persons 55 to 64 were 4 percent of enrollees in title II and title VI and 6.8 percent of the unemployed population.

Persons 65 and over made up 0.8 percent of enrollees, and 2.1 percent of the unemployed population.

As these data indicate, the Commission compared participation rates to the unemployed population. We believe that this is the best measure currently available for assessing the extent to which different age groups participate in the Comprehensive Employment and Training Act programs.

However, because of the way unemployment is measured, the use of unemployment data may understate the number of persons, and particularly older persons, who would be eligible to participate in the CETA programs. It does not reflect the number of "discouraged workers" in the labor force, many of whom are older. As Secretary of Labor Ray Marshall testified before the Commission:

> No one is fully aware of the numbers of older workers who are not counted in the unemployment statistics or the reasons they do not show up.

Senator NELSON. I wish to be excused for about 3 minutes. The Finance Committee needs a quorum to act on the budget resolution. You may proceed. I will be back in 3 or 4 minutes.

Mr. FLEMMING. In our overall findings, the Commission found members of minority groups, women and handicapped individuals are often victims of compounded discrimination based on age, sex, race, national origin and handicap. The Commission was not able to assess the extent to which older women participate in Comprehensive Employment and Training Act programs compared to older men, because the Department of Labor does not collect data on its program enrollees that permitted cross tabulation of sex and age. However, data on participation of all women in the CETA training and public employment program is available. These data indicate that while women have comprised almost half of the participants of the title I training program, their participation in the title II and title VI public employment programs has been much lower.

In fiscal year 1975, when they were 45.1 percent of the unemployed population, women comprised 45.6 percent of title I training program enrollees, 52.2 percent of title II enrollees, and only 29.8 percent of title VI enrollees. In fiscal year 1976, when women were 44.5 percent of the unemployed population, 45.9 percent of title I enrollees; 36.2 percent of title II enrollees; and 34.9 percent of title VI enrollees were women.

Data for the first 9 months of fiscal year 1977 show the same pattern, women were 46.4 percent of the unemployed population and 48.4 percent of title I enrollees; 40 percent of title II public employment program enrollees, and 35.9 percent of title VI enrollees.

Clearly there has been some improvement in participation of women in public service employment programs, but their rates of participation do not yet equal their representation in the unemployed population.

Although the Comprehensive Employment and Training Act in its present form, and the proposed new legislation, contain a prohibition against discrimination on the basis of age, it is clear that such discrimination does occur as a result of policies put into effect by both public and private administrators.

The Department of Labor and the units of local and State governments administering the titles I, II, and VI programs have interpreted the goals of these programs to apply to particular age groups.

Training is interpreted as being an activity intended to develop the skills of youth and prepare them, as program administrators say, for "the world of work."

In the title II and title VI programs, the Commission found that the employment goals of the programs meant in practice the concentration of services on those individuals considered within the "employable," "prime working age" range. This is defined normally by prime sponsors as the age group between 22 and 44.

The Comprehensive Employment and Training Act training and public service employment programs restrict participation of older persons because these programs rely for their "success" on the public and private employment markets, which often discriminate in employment on the basis of age, and which often maintain compulsory retirement policies which encourage discrimination in employment on the basis of age.

Performance standards employed by the Department of Labor restrict participation of older workers in the training and public employment programs.

Federal title I, title II, and title VI program regulations require that prime sponsors direct their activities primarily to placing program participants in unsubsidized employment; that is, jobs in the public or private sectors financed from sources other than CETA. While the Department of Labor considers these to be "goals" and not requirements, they are interpreted by the units of State and local government operating their programs as measures of their performance.

In several instances, the Commission found that placement goals were passed on to the agencies with whom the prime sponsors contracted for training and jobs. If placement goals were not met, funding could be cut off. In other instances, placement rates were set for specific activities.

Commission staff were told that as a result, program administrators engaged in a process of "creaming" program applicants; that is, selecting persons easier to place in employment not funded under the CETA program. Among the groups considered difficult to place were persons 45 and over.

Agencies and organizations administering the Comprehensive Employment and Training Act programs have continued to fund the same agencies and organizations that operated manpower programs prior to CETA—agencies and organizations that in a good many instances operate in such a manner as to discriminate against older persons.

Prime sponsors depend for outreach and referral on the employment service.

Limited participation by older workers in the employment service has long been recognized as a problem. As Secretary of Labor Marshall testified before the Commission:

> The employment service has a mandate to provide a complete program of intensive counseling, assessment, job development, placement, and training and social services to meet the employment-related needs of middle-aged and older workers with the use of staff specially trained to recognize and to cope with age-related employment problems. However, the facts and statistics indicate that the results may not be adequate. The statistics show that the older workers are not being placed in the same proportion as other job applicants.

For this reason, it would appear that the employment service needs to concentrate more on outreach and services to older persons, and that prime sponsors should contract with agencies and organizations that deal with those segments of the population that may not be reached by the employment service.

The employment service does not come under the Comprehensive Employment and Training Act. However, its close relationship to the Comprehensive Employment and Training Act programs, and the requirements in the Comprehensive Employment and Training Act to coordinate with the employment service, make it important to insure that adequate services and benefits are provided by the service to persons regardless of their age, sex, or other status.

Senator CHAFEE. We had testimony here yesterday that everything you say is so, that the employment service has not had an outreach of the type we would like to see, but the rationale given by the employment service people was that they have had in essence level funding for the past 10 years, and that they have no more people to deal with the population that has increased by 25 percent than they had 10 years ago.

That is not an excuse, but that is just an explanation of their problem.

Mr. FLEMMING. It is a rationale, as advanced by many program administrators. Our contention as a Commission is that that is not a valid reason for an inequitable distribution of resources as between age groups.

CETA prime sponsors focus on certain age groups because it is believed that by doing so there will be a better return on the Government's investment.

At one site visited by the Commission, the 16-to-24 age group was selected as the priority group to which the title I program would be directed because consideration had been given to the work life remaining for those individuals, compared to the work life remaining for 45-

year-olds. Because more working years were potentially ahead for them, 16-to-24 year olds were selected as the agency's priority.

The director at this site said that he believed that after an individual reached the age of 45, the limited tax payback ability of that individual would make training no longer cost-effective. While the 45-year-old might expect to work only 20 years after receiving training, a younger person would presumably work, and pay taxes, for a longer period of time.

Such policies are a denial of the dignity and worth of the older person.

Age is a major criterion in determining access to the services provided under titles I, II and VI of the Comprehensive Employment and Training Act.

The introduction of this criterion is not only not authorized by the act but is in fact prohibited by the act.

The Commission on Civil Rights has been unable to identify a single valid reason for using age as a criterion in denying access to any of the services or benefits supported in whole or in part by Federal funds.

This includes the Comprehensive Employment and Training Act.

We would urge, therefore, that in extending the authorization for the act that the Congress spell out in no uncertain terms its expectation that in the future administrators will not evade the prohibition against discrimination on the basis of age but will see to it that both the letter and the spirit of the prohibition is observed.

Furthermore, we urge the Congress to place upon those who administer the Comprehensive Employment and Training Act the affirmative responsibility of requiring grantees or contractors under the act to set performance goals and plans of action for the participation of persons in the programs based on the relationship of the age groups within the eligible population to the total population of the service areas in question.

A commitment not to discriminate is not enough. A commitment to implement an affirmative action program, including outreach activities, is essential if older persons are to be involved in titles I, II, and VI, programs in a meaingful manner.

Our Nation must open up opportunities for continued involvement of older persons in the life of our day.

That is why we have urged the Congress to enact the House of Representatives version of H.R. 5383.

If the Congress raises the upper limit in the Age Discrimination in Employment Act from 65 to 70, and if it adds the Federal Government to the list of public and private employers that prohibit compulsory retirement on the basis of age irrespective of the merits of the individual case, it will be opening up increased employment opportunities for older persons.

This, in turn, will eliminate one of the primary reasons, namely nonemployability, assigned for the failure to make certain CETA services available to older persons.

Noninvolvement in life leads to rapid mental, physical, and spiritual deterioration.

Noninvolvement deprives our Nation of a unique resource that we can ill afford to pass up.

Thank you very much.

Senator NELSON. Thank you very much for your very thoughtful contribution to the hearings, Mr. Flemming.

Senator Javits, did you have any questions?

Senator JAVITS. I just wanted to mention again the marvelous service Arthur Flemming rendered in HEW in charge of problems of the aging and the tradition which he is carrying on here today. I want to assure him that I will give very strict attention to his views.

I believe that CETA has to be targeted to those who are the long-term unemployed, and those who are really in great difficulty, but I am confident that within that context there is plenty of room for recognition of the real factors respecting the aged and other groups that have not had their equitable share of this opportunity. I will do my utmost to try to help to correct that.

Mr. FLEMMING. Thank you very much, Senator Javits.

I share your views in terms of targeting. I have noted your comments relevant to this legislation as to the desirability of doing even more precise targeting than is provided for by the bill as it is now worded. I agree with you but it is our position as a Civil Rights Commission that, within this targeting, age should not be a criterion. We recognize, as I did earlier in my testimony, that title IV of this bill deals with a specific age group, and we recognize that Congress from time to time in passing legislation recognizes the problems of specific age groups, and sets up programs designed to deal with those problems. We regard that as sound public policy. When the Congress passes legislation which is intended for the general population, where it provides for services and benefits intended for the general population, we do not think that administrators should take upon themselves the responsibility of dividing up the resources on the basis of age, and using age as a criterion for determining whether or not persons are going to receive those services.

The fact of the matter is, we can find no authority in law for them to do it. In this particular instance current legislation prohibits it. In spite of the fact that it prohibits it, administrators have used age as a criterion for determining whether or not persons are going to have access to services. We regard that as a violation of the law.

Senator JAVITS. Thank you very much.

Senator NELSON. Thank you very much. We appreciate your taking the time to come here this morning.

Under the rules we have to finish by about 12.

Mr. FLEMMING. I might just make this statement. I have listened to the discussion on oversight. At the present time there is pending in the Congress legislation extending the authorization for the U.S. Commission on Civil Rights. The bill in both the House and the Senate provides for adding to our jurisdiction discrimination on the basis of age and handicaps. If that legislation passes in that form, the U.S. Commission on Civil Rights will be in a position where it can assist in this committee and other committees in monitoring provisions which prohibit discrimination on the basis of age.

Senator NELSON. Thank you very much.

Our next witness is Mr. William Grinker, president, Manpower Demonstration Research Corp. All of the balance of the witnesses have been allotted 10 minutes time. If you have a prepared statement, it would be helpful to submit it for the record, and summarize the major points of your statement.

STATEMENT OF WILLIAM J. GRINKER, PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

Mr. GRINKER. Thank you. I serve as the president of the Manpower Demonstration Research Corp., which is a nonprofit organization whose purpose is to develop, oversee, and test large-scale, innovative social demonstrations directed primarily toward those groups who are most often left behind in our society and whose accumulated economic and social problems so severely affect society.

MDRC is an organization currently involved with four large-scale national demonstrations designed to thoroughly test a number of different approaches which might prove effective in dealing with these groups. One, the national supported work demonstration, is a full-time work experience type program in operation in 14 localities. It is aimed at those who have had the most difficulty connecting to long-term, regular employment.

A second, the national tenant management demonstration, sponsored by the Department of Housing and Urban Development and the Ford Foundation, is designed to turn over the management of public housing to tenant boards in the expectation that if tenants have a greater direct role in controlling their own lives, they will be better able to improve physical and social conditions in their communities, and to create employment opportunities within their communities as well.

We are also just beginning a demonstration called the youth incentive entitlement pilot projects under the recently enacted Youth Employment and Demonstration Projects Act. The program was designed to keep low-income youth in school by guaranteeing them part-time employment as long as they continue to advance toward high school graduation. Finally, we are launching a series of experiments to improve the connection of welfare mothers to employment in the private sector under the sponsorship of the work incentive program (WIN).

While I would be glad to answer questions on any of these programs, I want to focus my remarks, today, on the program which I mentioned first, the national supported work demonstration, since it is specifically authorized by section S–311(c) of the administration's proposed CETA extension bill.

Supported work is a voluntary work experience program for such diverse groups as ex-offenders, ex-addicts, long-term welfare recipients, high school dropouts from poor families, alcoholics, and former mental patients, all of whom share a traditionally severe difficulty in getting or holding a job. Supported work is also an employment program, and is operated primarily by locally based nonprofit corporations, which serve as temporary employers.

The basic purpose of the program is to instill in participants the habit and discipline of work and to give them a history of stable employment—two prerequisites for employment in a competitive society. The method by which this is being done is a carefully structured system of increasing encouragement for positive performance. Typically, participants are assigned to work in small crews, with foremen selected from the target populations and under the direction of skilled supervisors. This form of organization provides the peer group support and close supervisory control which are essential elements of the supported work concept. Participants do real work in situations that

have been developed by each of the operating sites, and they must meet certain performance and productivity standards established for the particular worksite. After a maximum of 12 or 18 months, depending on the site, participants are expected to move from supported work into regular jobs on the open labor market.

The national funding of the demonstration represents a unique coalescence of interests among Federal agencies and the private sector, and as such, I believe, merits special mention. While the Employment and Training Administration of the Department of Labor is the lead Federal agency, six additional Federal agencies and the Ford Foundation have joined as partners because of their interest in seeking answers to how such a program can help meet the needs of their clientele. The supported work funding, coordination, and management structure may provide an example for other programs seeking to develop and research ideas before launching full-scale, ongoing programs. To date, almost $50 million has been contributed to fund the research and operations of the 4-year demonstration.

The latest funding partner, the Community Services Administration, has directed its support to an additional, five-site demonstration of the program in the State of Wisconsin, which should tell us a great deal about the efficacy of expanding the program on a statewide basis.

In addition to the $50 million in national funding, the 14 currently operating sites have already raised over $20 million locally to help sustain the program. During this year, local funds will contribute over 50 percent of the operating costs of the program. One major source of such local support, and an increasingly significant one, is revenue generated from the production of goods and services. Almost $10 million has been raised through contracts with either private corporations or public agencies. This source of income is very important to local program operators in developing a greater degree of self-sufficiency by reducing the level of public subsidy, which currently averages about $9,300 per person-year. Perhaps even more importantly, this revenue generation creates a heightened sense of real work experience and real production goals and standards for program operators.

A final source of funds for supported work deserves mention. This is the diversion of income transfer payments, which would otherwise have gone directly to the recipients, into a wage pool. Diversion of such welfare benefits has developed into an innovative funding source for nine supported work corporations. Traditionally, our society has viewed such transfer payments solely as a mechanism to provide income support to individuals and families who for one reason or another are unable to obtain full-time employment. I believe that some transfer payments can also be used to help create employment opportunities through programs such as supported work. This technique has been developed on an experimental basis with the cooperation of HEW, and it deserves serious consideration as a permanent part of any revision of the welfare laws designed to encourage hard-to-employ people to engage in productive work.

Perhaps it is easiest to understand how supported work functions when one pictures real people in real situations. Of course there are a wide variety of possible experiences for participants in the program, but let me try to describe what might be a typical one.

Take an ex-addict who enters the supported work program in Oakland, Calif. He is about 28 years old, has been using drugs for over 6 years and has been unemployed for almost as long a time. He has been arrested nine times and convicted three times, and spent over 2½ years of his life in prison as a result. He has been referred to the program by his drug treatment facility, where he is either undergoing drug-free therapy or receiving methadone.

He enters the program at an hourly rate just above the minimum wage, and is assigned to work at one of several jobsites, such as house painting, paint deleading, packaging or assembly line work or landscaping. He will work with other program participants in crews of from 4 to 10 members, under the direction of a skilled supervisor and a foreman chosen from the group. If, after a period of time, he shows special ability as a worker and a leader, he will be promoted to foreman, or crew chief, himself.

At first, program supervisors are somewhat tolerant of a participant's imperfect punctuality, attendance, and quality of performance. But the longer he stays in the program, the more demands are placed on him, with a system of wage increases and bonuses to reward improved performance. As a member of a crew, he has both pressure and support from his peers.

After perhaps 6 months in the program, if the participant has a good record of attendance, punctuality, and performance, he will be encouraged to seek regular employment in the open labor market, and the program will actively help in his job search.

The supported work experience varies in some ways by site. Some of the demonstration programs offer experiences similar to those in Oakland, while others are quite different. Most of the local corporations have developed work projects which combine the needs of the individual participants and the public service needs of their communities. For instance, light rehabilitation of low-income housing, park and neighborhood beautification, building maintenance, health and day care services, security services, food delivery, and a variety of other public services are all things which, in many cases, would be left undone without the subsidies provided by the supported work program.

Some programs place a greater emphasis on skills development or remediation—and others have more extensive job placement mechanisms for the transition to the open labor market. But although individual philosophies may differ from project to project, they have in common the goal of offering to a person with little or no prior work experience a defined period of time in which to develop both the habits and the discipline of work and to develop a history of steady employment to use as a bridge and a credential to some kind of permanent job. This is first and foremost a work program.

To isolate the effects of this kind of work experience on these groups of individuals, a rigorous research and evaluation design has been developed as a crucial and integral part of the national demonstration. I would like to take a minute to outline the four basic components of this research effort. First, we are testing a number of what are known as behavioral hypotheses, such as long-term earnings, recidivism, drug use, welfare dependency, and the like. To do this for the first time in a national manpower demonstration, a control group

methodology is being used. This means essentially that a person referred to the program has a 50–50 chance of getting into it. Through a random selection process, supported work job applicants are assigned to either an experimental group which is offered employment, or to a control group which is not, although those in this group are willing to work and are eligible in all other respects. Both groups are followed through periodic, confidential interviews for a period of up to 3 years. The total sample of people being followed through this method is about 6,500. The second component of the research is a benefit-cost analysis. This is a fairly straightforward type of economic value analysis which will try to figure out what the program is worth to the taxpayer, to society at large, and to the participants themselves. The third part of the evaluation is known as the process analysis, which is an innovative and experimental effort to try to figure out what features within the program seem to make a difference.

For example, does the type of work, the type of supervisor, or the size of a supported work crew affect the performance of those enrolled? And the final part of the evaluation is what we call documentation, which is a look at some of the less quantifiable dimensions of the program, such as the effect of leadership and community factors, political structure, labor union involvement, and the like, on program success.

We are still almost 2 years away from the final evaluation of the program. However, from both our management information system—MIS—and some early comparisons between participants and controls, we have already learned a great deal about the program, and these results are certainly encouraging. We have enrolled over 7,000 participants. Of these, almost 30 percent have made the transition to permanent employment.

Senator NELSON. Almost 30 percent have?

Mr. GRINKER. Yes.

Senator NELSON. Seventy percent are not transitioned?

Mr. GRINKER. No; they have not. But about 2,000 of the 7,000 are still in the program.

Senator NELSON. Does this group primarily consist of youths?

Mr. GRINKER. That are not making it or are making it, youths, ex-offenders, ex-addicts and welfare mothers.

Senator NELSON. Is it a mix?

Mr. GRINKER. It is a mix. The lowest groups are youths, and ex-addicts. The highest groups in terms of making it are AFDC participants and ex-offenders.

Senator NELSON. They are the highest percentage?

Mr. GRINKER. Yes.

Senator NELSON. Do you have a breakdown of the eligible population in your statement?

Mr. GRINKER. We can certainly supply that.

Perhaps even more significant are some of the in-program results. Participants stay in the program an average of 8 months with an overall attendance rate of above 80 percent. These numbers compare favorably to those of other manpower programs generally directed toward less "hard-core" populations. The findings of the research which compare participants with a control group also show substantial differences between those who have the advantage of the program and those who do not, with the most impressive differences occurring within the long-term welfare recipient group—AFDC.

On the average, AFDC women participants in supported work earned seven times as much money over a 9-month period as a comparable group of controls—$3,673 versus $532—and received only 60 percent as much in AFDC transfer payments. AFDC women in supported work worked an average 1,245 hours during the 9 months, compared to an average 194 hours worked by members of the control group.

Supported workers in the other three target groups also fared far better in terms of earnings and hours worked than members of the control group. Average earnings of participants were $3,333 compared to $1,298 for controls; average hours worked were 1,108 for participants, 363 for controls; average welfare income for participants was half that of controls—$369 versus $723.

To some extent, of course, these large differences in earnings and employment must be attributed to the fact that participants were offered supported work jobs while controls were not. Nevertheless, these findings reflect impressive successes for a group of participants for whom such a high performance could not have been predicted.

The performance of ex-offender, ex-addict, and youth participants in a number of critical, nonwork areas was also better than that of control groups members; 8 percent fewer participants than controls reported arrests during the period—a 25-percent difference between the two groups—and almost 20 percent fewer participating youth reported drug use than control youth. All of these findings are what researchers call statistically significant; that is, they are not likely to be the result of chance. For a number of other measures of importance—on adult drug use and illegal income—the findings were promising but are not as strongly persuasive. The larger sample size that will form the basis of later studies will allow for more conclusive findings for some of those measures.

I also believe it is crucial to remember some of the things that won't be learned from the current demonstration. For example, although volunteers for supported work have far exceeded the number of jobs available, it is not known what participation rates would be in a vastly expanded program, whether voluntary or mandatory. Although supported work corporations have experienced relatively little difficulty in creating meaningful worksites for up to 250 people in given communities, it is not known what would happen to quality standards, relationships with private industry or labor organizations, or the ability of the economy to absorb large numbers of traditionally dependent individuals in a vastly expanded program. Furthermore, it is not known how many persons could or should be maintained in a permanently subsidized work setting because they simply aren't equipped to function in an open labor market situation. These are the kinds of issues which deserve further exploration and testing.

Although there is much more to learn, I believe that the results thus far fully justify the inclusion of supported work in the proposed CETA legislation. There are certain technical changes we would recommend in the language and we would welcome the opportunity to work with the committee to perfect these changes.

I think that it is well worth maintaining the current effort, and worth building on that effort, as we continue to learn what works best for different individuals and groups under different circumstances.

Thank you.

Senator NELSON. What is the funding source for the Manpower Demonstration Research Corporation?

Mr. GRINKER. It comes from a combination of Federal agencies and private foundations.

Senator NELSON. Was this a direct grant from one of the Federal agencies?

Mr. GRINKER. The money is given under a grant or contract to us to run these demonstrations from in the case of supported work, the Labor Department, or in the case of another program, HUD.

Senator NELSON. But is the source of funding Federal grants?

Mr. GRINKER. That's right.

Senator NELSON. What is the nature of the supported work. Are participants placed in a job with a private employer?

Mr. GRINKER. They are on the payroll of the local nonprofit corporation, which sort of bridges the gap between the private and public sectors.

Senator NELSON. They are on the payroll of your organization?

Mr. GRINKER. No, they are on the payroll of the local organization. For example, in Oakland we have a program that carries out work at the local level. It hires participants, employs and pays them.

Senator NELSON. Is this an organization that contracts with the manpower demonstration research group?

Mr. GRINKER. Yes.

Senator NELSON. You receive Federal funds and then contract with a local organization to administer the program?

Mr. GRINKER. Yes.

Senator NELSON. A nonprofit organization?

Mr. GRINKER. Almost in all cases.

Senator NELSON. What functions does the nonprofit organization perform?

Mr. GRINKER. It runs the program. It employs individuals.

Senator NELSON. Is it the employer?

Mr. GRINKER. Yes.

Senator NELSON. What jobs does it have?

Mr. GRINKER. It creates jobs through working with the private sector and the public sector.

It varies by location. Each location creates its own set of jobs.

Senator NELSON. What I am trying to make clear is that the organization with which you contract is not a private business?

Mr. GRINKER. No. The groups we contract with develop the jobs.

Senator NELSON. The contractor deals with either a unit of government or private employer, is that correct?

Mr. GRINKER. It will create jobs in needed public services or it may contract with a private employer to do certain specific tasks.

Senator NELSON. You say it does not have any jobs to create, and that it will seek employment opportunities from a municipality or the State?

Mr. GRINKER. Yes.

Senator NELSON. The employer is either the public or the private sector. The job is there, is it not? You do not have any jobs. The contractor has no jobs?

Mr. GRINKER. They create the jobs.

Senator NELSON. Explain that to me.

Mr. GRINKER. For example, in Massachusetts there was an unmet need for deleading houses that had been painting with lead-based poisonous paint and the local program worked out a deal with the State and with the court system to do that work. They are paid for doing that work in Massachusetts.

Senator NELSON. How was the State involved?

Mr. GRINKER. The State also contracts with the local organization and specifies what work will be done.

Senator NELSON. I do not quite have it clear. What does the State do?

Mr. GRINKER. The State will sign a contract with the local corporation in Massachusetts to delead 1,000 houses.

Senator NELSON. What is the State's function?

Mr. GRINKER. They are interested in deleading houses.

Senator NELSON. Why do you have to contract with the State at all? What is the State's role?

Mr. GRINKER. The State's role is to provide a portion of the funding and to get the work done.

Senator NELSON. Who supervises the work?

Mr. GRINKER. The local corporation.

Senator NELSON. And what do they do? Hire somebody as a supervisor?

Mr. GRINKER. Yes. They will have their own structure of supervision and management.

Senator NELSON. In that particular case what is the pay scale?

Mr. GRINKER. For the workers, the pay scale is set slightly above the minimum wage generally, and it is a graduated pay scale so that when a person completes the program, he is still making less than the local market opportunity wage. So in the case of Massachusetts, a person would start working at perhaps $2.70, or $2.75 an hour. If he continues in the program for 12 months, he would graduate at about $3.10 an hour.

Senator NELSON. Is there any training other than work on the job?

Mr. GRINKER. There is some training, but primarily the emphasis is on work experience, learning how to get to work on time, learning how to meet production standards.

The basic philosophy is that most private employers are more interested in workers who know how to meet time and attendance requirements and who know what it means to function on a job; then the employer can provide more specific training.

Senator NELSON. Are any of these jobs found in municipal or State governments? In other words, does anybody go to city hall and go out in work in the park or elsewhere?

Mr. GRINKER. On some occasions, yes, there are some public-service-type jobs, but they are in the minority.

Senator NELSON. You would fund those, too?

Mr. GRINKER. They would be funded through us and through the local CETA system.

Senator NELSON. Are there any jobs with a private employer?

Mr. GRINKER. Generally we have staved away from outstationing these people in actual private employment because it has been a very difficult—it is a very difficult transition to make. On occasion there are outstation crews working with a private employer, but generally

what happens is that private employers will contract for supported workers to do a piece of the particular activity. For example, in Hartford, Conn., the program contracts with several private employers to manufacture furniture. They manufacture the furniture under contract.

Senator NELSON. Your organization supplies the furniture manufacturer with some employees?

Mr. GRINKER. No; we supply him with some furniture under contract.

Senator NELSON. You manufacture the furniture?

Mr. GRINKER. Yes.

Senator NELSON. What kind of facility do you manufacture the furniture in?

Mr. GRINKER. We have a small factory in Hartford.

Senator NELSON. You own the factory?

Mr. GRINKER. The local program owns it.

Senator NELSON. It rented the factory and machinery and hired supervisory personnel?

Mr. GRINKER. A fully equipped operation; yes.

Senator NELSON. Would you submit for the record the kinds of jobs and projects undertaken?

Mr. GRINKER. I would be glad to.

Senator NELSON Do you have any questions?

Senator CHAFEE. No. It is a fascinating program. I wish we had more time to spend. Where are you physically located?

Mr. GRINKER. Our administrative office is in New York City.

Senator CHAFEE. If we wanted to get into this some more, we will get you down again sometime.

Mr. GRINKER. I will be glad to come.

Senator NELSON. How many places do you have demonstration projects going on?

Mr. GRINKER. Fourteen throughout the country. We have an additional five that are opening up under a special demonstration grant in Wisconsin.

Senator NELSON. Is that in 14 different States or 14 different municipalities?

Mr. GRINKER. There are 2 in New Jersey; so it is 13 different States.

Senator NELSON. You are not necessarily teaching a skill, you are providing people with discipline, work habits, financial rewards, and at the conclusion of some period you then seek an employer for purposes of placing the individual?

Mr. GRINKER. That is correct.

Senator NELSON. And you say that you have placed 30 percent. How many people have you assisted in your program?

Mr. GRINKER. 7,000.

Senator NELSON. Currently?

Mr. GRINKER. No; there are about 2,000 enrolled at any given time.

Senator NELSON. How many individuals are left?

Mr. GRINKER. 5,000. Of the ones who have left approximately 30 percent have been fired for inadequate performance or other reasons. Another 15 percent or so have quit, either for health reasons, or because they do not like the program, or they would rather hustle or whatever. Another 15 percent have left for neutral reasons—they complete the program without finding a job or they move away.

Senator NELSON. These are unskilled, disadvantaged, and long-term unemployed persons?

Mr. GRINKER. That is basically the criteria for getting into the program. For example, you have to be unemployed for at least half of the past 6 months; ex-offenders have to have been in jail within the past 6 months, ex-addicts have to be in treatment now or in the last 6 months. For welfare recipients, you have to have been on welfare continuously for 30 months out of the last 36. We are trying to get to a group of people who normally are not served by most programs.

Senator NELSON. Do you have a breakdown of the various age groups served, which you could submit for the record?

Mr. GRINKER. Yes.

Senator NELSON. Is your contract with the Department of Labor to run these demonstration projects for a total of 7,000?

Mr. GRINKER. Our agreement is to manage the demonstration over a 4-year period. We are going into the fourth year now.

Senator NELSON. At the end of the fourth year, you will report on the results of the program?

Mr. GRINKER. We will have a report some time after the demonstration has ended.

Senator NELSON. Will you know at the end of 4 years what that retention rate has been for those who completed the program?

Mr. GRINKER. We will begin to get that information this June on the early sample.

Senator NELSON. When will your report be completed?

Mr. GRINKER. The final or the June report?

Senator NELSON. The final report.

Mr. GRINKER. The final report is due in early 1980.

Senator NELSON. Was your organization created specifically for this purpose or is it an ongoing organization which administers other programs?

Mr. GRINKER. It is also running several other programs.

Senator CHAFEE. One question. How do you get these supervisors, the fellow who runs the work, not the foremen which I understand are taken from your trainees, but it seems to me that supervisors as you call them in your testimony are key persons.

Mr. GRINKER. Well, generally we look for people, or the local programs look for people with skilled backgrounds. The local programs try to work with the local labor unions to recruit people who have journeyman cards, or who have done supervising before. They look primarily for people skilled in whatever the activity is, and who have some understanding in dealing with this population.

Senator CHAFEE. You are certainly dealing with the toughest segment of the population.

Thank you.

Mr. GRINKER. Thank you.

Senator NELSON. Thank you very much. We appreciate your testimony. I think your study will be of great value to the committee.

Our next witness is Rabbi Menachem Lubinsky.

Senator JAVITS. I am very pleased to introduce this witness. We requested he testify. Rabbi Menachem Lubinsky is the executive direactor of Agudath Israel of America. We think he is running a very tight ship and an exemplary operation. I am very grateful to the Rabbi for being here to give us the details.

STATEMENT OF RABBI MENACHEM LUBINSKY, DIRECTOR, PROJECT COPE, DIVISION OF AGUDATH ISRAEL OF AMERICA

Rabbi LUBINSKY. Thank you very much, Senator Javits and Mr. Chairman and other members of the committee.

I am Rabbi Menachem Lubinsky, the director of Project COPE, Career Opportunities and Preparation for Employment, a job training and career guidance agency. COPE is a division of Agudath Israel of America, a 56-year old Orthodox Jewish movement with chapters throughout the country. I am very grateful to be given this opportunity to testify about a matter of great concern and interest to our organization: the reauthorization of CETA, the Comprehensive Employment and Training Act.

I express these thoughts from the perspective of an agency which has used CETA title I funds to provide a broad gamut of services to nearly 15,000 applicants since 1975. As a broadly based community organization, our New York City program effectively utilized CETA to develop a "one stop" service center out of several neighborhood locations to the unemployed, underemployed and economically disadvantaged.

Generally speaking, we have found CETA to be an excellent vehicle for employment and training programs for those who might otherwise not be served. The benefits of CETA have already been well documented. One should stress CETA's enormous human benefit that is often lost in the scramble for productivity figures. Our agency and I am sure hundreds of others all over the country have an overwhelming number of case histories of CETA's effect on people: How it changed the lives of many from despair to hope, how it brightened the day for entire family units, and how it prevented serious social consequences for a larger number of unemployed. People ought to be our prime consideration in drafting any specific manpower legislation and then concepts. Based on this introduction, I should like to make the following observations:

One: The very concept of CETA at this juncture requires redefinition and clarification. When this landmark legislation was enacted in 1973, it replaced all the categorical manpower training programs that existed prior to that time. Those programs, focused on job training and were part of the American scene for nearly a half-century. They were part of an ongoing national effort to train unskilled people into jobs and careers. Over the years, Government-funded job training took its place with other career preparation vehicles such as vocational education or other career preparation, and during the recesssion by a substantial number of college educated. Job training was the best alternative for the hard-core unemployed. These pre-CETA programs existed without regard to the figures in the unemployment rate. Whereas the programs may have had their genesis in the depression days, they continued to function in prosperity and in austerity, in war and in peace, and in periods of near full employment and peak unemployment.

The advent of CETA resulted in the consolidation of all the splintered job training programs, but while one of its key functions was to assist the poor, it continued to be that national vehicle for training a broadly defined group of unemployed, underemployed and

economically disadvantaged. Justifiably, CETA did not require its consumers to pass a means test. Nor did it mandate programs exclusively for those areas that were poverty stricken. Rather, it focused on geographic locations with high unemployment because those were the areas that required these services the most. The funds were appropriated in a revenue sharing concept which gave local authorities or prime sponsors control over the destiny of the program.

By 1975, there were disturbing vibrations from Washington and elsewhere. Some legislators and manpower professionals began to assess CETA's performance by measuring its effect on the national employment rate. For the first time, they were attempting to wed job training or career preparation with the national joblessness situation. The focus shifted from job training as a long-term approach to "jobs," immediate and short-term. From that point on, public service employment and other national programs directly related to unemployment were tacked onto CETA and thus its image began to change.

It is important to remember that during the recession, and in great measure even today, CETA is also important to the hard hit middle class. By virtue of its target definition—unemployed, underemployed, and economically disadvantaged—a large number of CETA's users are from middle class backgrounds. Not coincidentally, those depressed areas receiving large-scale funding based on local unemployment were also the scene of widespread joblessness amongst the middle class.

While our agency serves people without regard to ethnic origin, our organization has a solid base in the Jewish community. What we have learned in more than 3 years of providing services is the extent of the myth of Jewish affluence. In New York City, for example, 15 percent of the Jews are poor, a substantial number of working age. During the recession, Jews were in fact hard hit. The traditional areas of Jewish employment were among those most affected in recent years. Examples are the loss of jobs in local government, education, and the garment industry. The New York Times recently reported that in some sections of the Jewish community, namely Orthodox Hassidic Jews, unemployment was as high as 18 percent. Jews also suffered more than other groups because of their substantially higher living costs such as for kosher foods. Once again, CETA proved to be a lifesaver in this situation and continues to be a source of hope and practical assistance to an ethnic community to overcome a problem to which it was not accustomed.

CETA has strengthened many middle class communities through its local programs, but most importantly it has prevented a sizable number of Americans from becoming the "new poor." Its mission should not be ended at a time when it is doing so much for the social and economic stability of our Nation, and especially as the squeeze on the middle class continues.

CETA 1978 should not be judged for its direct impact on the national unemployment rate, but for its social and economic effects on the poor and on the middle class. While CETA may have taken on many new amendments which are clearly targeted for the poor and the long-term unemployed, it should also continue to function as the national training institution for those who cannot receive such assistance elsewhere.

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This then I believe is the challenge that we face in reauthorizing CETA for the next few years.

Two: I believe that careful attention should be paid to the targeting of CETA. Currently a good portion of CETA is aimed at the unemployed, underemployed, and economically disadvantaged. There have been recommendations that certain titles of CETA be limited to those persons with annual family incomes below the Bureau of Labor Statistics' lower living standard and who are unable to secure employment leading to self-sufficiency. We believe that such action would seriously distort the intended purpose of the original act. It would become a program reserved for the hard-core unemployed from poverty backgrounds. It would do further damage to middle working class American families who have unemployed members in their midst and would in effect cancel out the benefits of serving the poor by creating new jobless people who can no longer benefit from CETA. One might even speculate that there would be a new cry in many circles for new legislation to deal with the neglected target groups which would be unnecessary if the spirit of CETA 1973 were maintained in 1978.

Restrictive eligibility would also seriously hamper the ability of community-based organizations to serve their constituencies. One of the healthier side benefits of CETA has been the involvement of community agencies to deal with social problems locally. The delivery of social services with a unique sensitivity is the hallmark of neighborhood success. Their relationship with intended beneficiaries cannot be emulated in any setting other than in the community.

By restricting eligibility, it would further force community-based organizations with other communities and in effect estrange them from the communities that they are supposed to serve. In fact, restricting the eligibility to the poor has in some measure had the same negative effect on existing public service employment nonprofit sponsors but would do the most damage if the eligibility criteria for public service employment were also required for the existing title I training programs.

We agree with the recent recommendations of the National Council on Employment Policy that CETA not be narrowly targeted on the disadvantaged and continue to serve a broad spectrum of clients. Narrowing the focus of CETA, the council says, "could incite serious social derisiveness." Targeting provisions under title III have helped prevent this "by allowing pursuit of national priorities related to special problems while maintaining a broad focus at the local level through other titles."

Three: Our experience has shown that the best long-term approach toward jobs is proper career preparation and training. When the unemployed are adequately prepared, CETA becomes a secure vehicle toward an unsubsidized career of employment. In the absence of proper training, or where the emphasis is "jobs" such as in public service employment, the solution tends to be a band-aid treatment which will only continue to drain the taxpayer's wallet in one form or another in the future. It is our recommendation that CETA mandate some form of training for all of its components regardless of its short-term intent.

The current title I training mix is an excellent example of effective programing. In fact, our agency's prime reason for success is its

ability to use different title I components in an effort to provide a "one-stop" service center for the unemployed, underemployed and economically disadvantaged. On the other hand, restricting the programmatic mix only forces prospective CETA enrollees into a mold which they may or may not be suited for. Experience has shown that on-job training, vocational education, classroom training, and work experience can be most effectively used when a vocational guidance counselor supported by modern means of testing and evaluation can choose one of the components as a solution to long-term unemployment. The STIP program, or the skilled training improvement program, was an ingenious way to add to that mix. For the first time, it enabled CETA to focus on better jobs. This slight shift in emphasis is an important way to use CETA as a long-term remedial program for the disadvantaged. It is our hope that STIP will be continued, perhaps not in the form of a separate program, but as part of that old title I programmatic mix.

Raising the $10,000 ceiling is yet another way to promote the better career-oriented jobs into CETA. Providing for an additional $2,000 as the maximum allowable subsidized wage is a good investment and makes for sound economics. It is once again a long-term approach that is certain to pay off.

At the same time, one must commend the new cooperation between manpower and education which was written into the Youth Employment and Demonstration Projects Act of 1977. That such cooperation is necessary for in-school youth is obvious, but more is required for out-of-school programs. If we intend to train youth, we will have to involve education not merely as a "consultant" but as a partner. Quality vocational education and guidance have been the hallmark of the educational community and the use of its resources should be encouraged in all CETA titles.

Four. It has been the contention of many that CETA ought to tie in more closely with the employment service. Firm recommendations have been made that job research through agreements with the employment service at entrance and exit should become an integral part of CETA. Requiring community-based organizations or even prime sponsors to work with the employment service on a daily basis is in many ways a disservice to the agencies.

For one, to broaden the operating sphere of a community agency to include an outside institution such as the Employment Service, which has little common ground with localized interests, is really tying the hands of the neighborhood agencies. Second, creating additional redtape for social service agencies by forcing them to work with the Employment Service creates unnecessary delay in the processing of the unemployed and is ultimately detrimental to the interests and goals of CETA. Third, it is no secret that the Employment Service in some areas has often been under criticism for the most part for its operating deficiencies. In many cases, the targets of the prime sponsors and the Employment Service have been contradicting. Civil service laws and regulations have resulted in the deployment of Employment Service staff in projects which require a specific cultural sensitivity or a second language.

In addition, a recent study by the Employment and Training Administration of the U.S. Department of Labor found that 40 percent

of previous placements by the Employment Service were no longer at the job and were looking for work—more than three times the rate for workers in general. On the other hand, many community agencies have demonstrated that quality service provided on the local level can be effective and is in the best national interest.

To force a marriage between the Employment Service and community-based agencies is a step backwards in the Nation's attempt to respond to the needs of the unemployed. The strength of CETA is the relegating of control over local activities to prime sponsors and communities. It should not mandate alliances that may potentially weaken the program.

Fifth, in recent years, public service employment has become one of the important features of CETA. Its continued expansion and potential for an even larger program makes it of primary concern in the reauthorization of CETA. As mentioned earlier, one of the chief shortcomings of PSE is its nontraining provisions. Generally, such a policy merely dictates that the tasks involved in a public service job will be menial and not career oriented. There is a definite need for introducing a training element in its future implementation.

Similarly, we believe that it was a good omen for CETA PSE to involve community-based organizations. These organizations have proven time and again that they are in a position to develop the jobs necessary for the successful implementation of PSE. Yet the program was less than enthusiastically received by these organizations. The reasons: For one, they were forced to work with public agencies such as the employment service, which proved restrictive for some of the reasons outlined earlier. Second, its narrow eligibility for those unemployed 15 weeks or longer and living below the poverty level proved helpful to many poor, but in turn did not help some of its intended benefactors, namely, the hard-core unemployed who may not have qualified because they were working for several days, or may have come from a family that was slightly better off than the Bureau of Labor Statistics' lower living standard. In the future PSE should be modified to be less restrictive so that the unemployed who need the help most are served by this program.

It is also worthwhile to mention that there is a subtle tug of war between municipal agencies and the community-based organizations for public service employment programs. Naturally many hard-pressed urban areas have looked with great anticipation to PSE but have also been less than encouraging to the nonprofit community-based organizations to partake in this process. Yet there is no question that for public service employment to be successful, it will require a broad partnership of all the various sectors of our society. Public service employment has the potential of rebuilding urban areas at the neighborhood level: The sum total being a healthier urban area. If local officials were to probe deeper into the net effects of sharing with nonprofit agencies, they would be far less reluctant to cooperate with the CBO's.

Furthermore, the General Accounting Office in reviewing public service employment through 1975 found that:

> Public employment programs have not helped much in reducing unemployment. Many of the participants came from predecessor programs, and whereas sponsors should use CETA funds to create jobs, many used these funds to fill vacant positions formerly financed with local funds.

This study covered a period before community organizations were involved at all and it should be a lesson to us that PSE can only be effective with the participation of community-based organizations.

Sixth, the recently passed Youth Employment and Demonstration Projects Act was naturally drafted to fight the menacing youth problem of our Nation. Even without this major addition to CETA, many have been critical of the legislation for being too "youth-oriented." On January 11, 1978, the New York Times quoted a U.S. Commission on Civil Rights report which said that older people and teenagers were discriminated against in the Government's CETA program with the emphasis placed on employable people between the ages of 22 and 44. "In opting to reach those easiest to employ," it reported, "CETA programs are age discriminatory."

While focusing on the youth problem should be a goal of CETA 1978, it cannot continue to ignore the needs for programs for displaced homemakers and older workers amongst others. The approach taken toward middle and older aged workers in the past has indeed been fragmented in that only several national agencies dealing with older workers were able to provide limited employment for those 55 and older. Similarly CETA was less than helpful to displaced homemakers and even to teenage youth, as the report points out.

Without built-in requirements that a percentage of CETA funds be spent for youth, middle and older aged unemployed, and displaced homemakers, CETA will continue to discriminate against those groups mentioned by the U.S. Commission on Civil Rights. In fact it might have been proper to suggest a separate title in CETA to address the needs of each individual group. But the same can be accomplished if the legislation would recognize those needs and clearly mandate that a portion of the money be set aside for those groups. Without such built-in assurances, Congress will time and again be taking up legislation to deal with these groups and we may be headed back to a time of categorical manpower training programs.

There are other issues on CETA's future that I would have liked to address, but I feel that I should restrict my testimony to those areas that have a direct bearing on CETA and service delivery agencies. For many of us who have been intimately involved with CETA, this is the first opportunity in 5 years to really evaluate and propose changes in the legislation. It is our belief that CETA should be retained in its present form with the changes that I have outlined, and every effort should be made to prevent a return to the categorical programs of pre-CETA. Most important, it is essential that the legislation should recognize the different substantial groups of needs and at the same time also effectively deal with those who are most in need.

Regardless of the success of the Nations' efforts in reducing unemployment, our country has a responsibility to constantly prepare generations for the world of work. It is for that reason that we have been such a firm supporter of career education. Education, of course, is our frontline in preparing for the future, but we must also recognize that a significant portion of our population will not be vocationally prepared in the halls of education. These Americans should not be penalized because they are either not able or not willing to participate in the traditional career preparation manner. CETA then is more than a national obligation, it is an institution which is part of the American dream. Thank you very much.

Senator NELSON. Do you have any questions, Senator Javits?

Senator JAVITS. How do you crank in the training requirement which appears on page 5 under item (5) of your statement? How do you do it in your operation which as I understand it is quite successful?

Rabbi LUBINSKY. Well, Senator Javits, the training requirement that I referred to exists in all title I programs, whether it is on-job training or vocational education or some of the other programs. What I am specifically referring to is public service employment, where there is absolutely no emphasis on training, and in turn ends up being Band-Aid treatment.

Even public service employment should mandate a significant portion of the time be spent on training, is what I think should be done.

Senator JAVITS. Do you have any specific ideas as to how that can be done effectively or do you want to leave that to the Department and to us to work out?

Rabbi LUBINSKY. I think that various jobs should be looked at from the point of view of whether they are training jobs or not. In other words if they are what we call menial tasks, and have no training, they ought not to be part of public service employment. But if they require training, then they ought to become public service employment and in that way we will assure the long-term approach toward jobs and careers.

Senator JAVITS. Do you have any experience or advice for us as to how to crank the training into public service employment?

Rabbi LUBINSKY. As I mentioned, the experience and advice is that training should be fused with some other method. If it is public service employment, then perhaps it should be joined with classroom training, or on-the-job training or one of the other components; somehow they should mesh more than one training component.

Senator JAVITS. In other words, the prime sponsor should be charged with responsibility for training in connection with the job?

Rabbi LUBINSKY. Yes, one good way would be to ask the prime sponsor to contract with those agencies that already are involved in training, first of all as a cost-saving measure and second, as a way to fuse the training and employment.

Senator JAVITS. Thank you, Rabbi Lubinsky.

Rabbi LUBINSKY. Thank you very much.

Senator NELSON. We appreciate your testimony.

Our next witness is Greg Humphrey. Your statement will be printed in full in the record. We are operating on a 10-minute time limitation. We have to complete by 12 o'clock.

STATEMENT OF GREGORY A. HUMPHREY, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, ACCOMPANIED BY GERALD MORRIS

Mr. HUMPHREY. Thank you, Mr. Chairman. Mr. Gerald Morris is accompanying me. I will summarize the highlights of the statement and the difficulties we would like to call to the committee's attention.

First of all, I would like to correct a mistake in the testimony on page 2, under the subheading No. 3. The statement says that there is a current 20-percent limitation on the number of CETA jobs that can

be supplemented. That is incorrect. I would like to at this point, point that out.

Senator CHAFEE. Cross out that sentence.

Mr. HUMPHREY. Yes, subhead 3 has a statement in there that 20 percent of existing CETA jobs may be supplemented and that is a mistake. It is not true. There is currently no limit on the number of CETA jobs that can be supplemented.

Mr. Chairman, the American Federation of Teachers would like to call your attention to several aspects of the administration's proposal that causes difficulty in terms of the successful operation of the program, and the participation of education and teachers generally in CETA jobs.

First of all, the exclusive priority established in the administration bill for disadvantaged individuals would effectively exclude both from the job aspect and from CETA-funded training many qualified individuals who have severe unemployment problems that are essentially related to countercyclical problems and not structural problems. We believe it is wise to address the problems of hard-core unemployed and structurally unemployed individuals as the law does, but some provision should be made to continue to deal with cyclical problems that continue to exist, especially in the larger cities. Nationwide unemployment is still well above 6 percent, and we do not believe that is a signal to turn the program into something designed entirely for long-term unemployed.

The second problem we would like to call to your attention is the 78-week time limit on CETA jobs. We understand the committee's desire to deal with substitution, but having a time limit, especially since substitution is not easily defined, when cities have genuine financial problems, is detrimental, especially in education, where a personal relationship develops between classroom personnel and children.

A third area is prohibition on hiring of professionals that is implied in the administration bill. Certainly this would weaken CETA funded training programs by assuring that training will be provided by nonprofessionals, and people who may or may not be qualified to deal with training problems that exist under the program.

Entry level jobs for teachers in most cities are at or above the 10,000 job level.

Another concern we would like to call to your attention is the open ended grievance procedure that exists in the administration draft. Currently if someone is not an employee of a prime sponsor and has a grievance, the regional office of the Labor Department is available for filing of that grievance and for the processing of a problem. We welcome the establishment of a grievance procedure, but possibly the best way to do it is either preserve the option to go to the Labor Department or require a time limit within which the grievance must be decided. We have had a number of problems develop for our bargaining agents, and they report to us that it sometimes takes months to set up the initial meeting, final determination from the prime sponsor takes even longer.

We would also like to call to your attention some problems that were uncovered in a series of regional workshops that the AFT conducted in conjunction with the Department of Labor. First is something called out-stationing, whereby the prime sponsor sends employees to the local education agency, and the employees are counted as employees of

the prime sponsor. The result is that they work at a different rate of compensation, they have different benefits, they belong either to a different union or are ineligible to join a union because of the fact that their employment is not technically with the local education agency. We would suggest that the committee require subcontracting by the prime sponsor to local education agencies be carried out to assure compliance with an existing collective bargaining agreement and also to protect employees who cannot avail themselves of the rights available to other teachers or other professionals under the collective bargaining agreement. There is a question of good management that develops in these cases; employees have been sent to a local education agency for work on days when the school was closed because of a difference in the prime sponsor's work calendar and the local education agency's schedule.

Another problem is the way CETA training is provided. As you know, the law provides that notification must be carried out for community-based organizations and others, but there is no requirement that local education agencies be notified of those programs conducted by the prime sponsor in which they have a direct interest. We believe that this is a place where savings could be realized by eliminating duplication because the local education agencies frequently provide the type of training programs that the prime sponsors pay for elsewhere. There is duplication of vocational and other job training services that could be eliminated and could make the program more efficient if the prime sponsor were required to avail himself of those existing services that are already provided by the local education agency. We believe schools ought to be the prime providers of training. They are the prime agency in the community for the provision of education and training, and CETA ought to reflect this fact.

A final area I would like to address is the question of academic credit. The proposal by the administration for academic credit to be provided as a result of agreements negotiated between the prime sponsor and the local education agencies in conjunction with State law is one we heartily endorse and strongly support. The provision of academic credit is a very touchy subject under our Federal system, and we believe States and localities are the appropriate bodies to decide what sort of academic credit if any ought to be available for CETA programs. We also believe that having the more rigorous standards that would apply under these conditions would certainly benefit the individuals in a CETA training program, since an equivalency is only as good as the standards that it was granted under. To grant academic credit under other circumstances is something that would work to the detriment of CETA trainees.

Thank you for the opportunity to present our views. I would be happy to answer any questions.

Senator NELSON. How would the Federal Government give academic credit? It has to come from some educational institution, does it not?

Mr. HUMPHREY. The reason I mentioned this is that the original youth employment proposal submitted by the Department of Labor last year contained a section which was ultimately deleted by the committee, which said the Secretary of HEW and the Secretary of Labor would get together and establish the conditions under which academic credit would be granted, and while this proposed law does

not do that, we are calling your attention to the problem because at one point someone in DOL obviously decided that this is a good way to go. We believe that the law as drafted does emphasize comparability and credit; that is, that there will probably be an impetus on the part of the law for local education agencies for States that provide academic credit. We think that is probably what the Labor Department wants. We would like to make sure some standards are maintained.

Senator NELSON. Under the pending legislation would the Labor Department negotiate an agreement on the standards with the superintendent of public instruction or with a local educational district?

Mr. HUMPHREY. The way the law is set up, it would have an agreement with an accredited institution within the State, that is academic credit to be granted by I suppose a nonpublic as well as public education agency, but it would have to be in accordance with existing State laws. That is something we can heartily endorse and urge the committee to approve.

Senator NELSON. Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

You know, on page 2 of your testimony here, you say another serious problem is the 78-week limit. It seems to me that what you are proposing for CETA is quite different from the objective of the program, certainly as I conceive it. That is, that it be a long-term employment program for those who are skilled and have a good deal of education and in fact are working at pretty high salaries, decent salaries. Is it your suggestion, if you do not want the 78-week limit, what do you want?

Mr. HUMPHREY. As in other aspects of the law, the committee has set up targets that have been pretty rigorously observed. The problem that we want to call to your attention is that because of the operation of the school year, and because there is no particular way that any of these individuals would be hired; that is, they come in at irregular times and places, that you could very well have a teacher——

Senator CHAFEE. I am not talking about that part. I am talking about out-stationing. How long are we going to keep these people on the program?

Mr. HUMPHREY. Well, the countercyclical part of the program does have triggers that go on and off with national unemployment. I would say that given that fact, that the countercyclical part of the program ought to have some more flexibility than a straight 78-week cutoff. I think I do understand the question you are asking, and it is a problem, but the problem is this—that while certain studies say that what has happened is a vast amount of substitution of CETA jobs for regular jobs, it seems from our point of view that what has happened is that CETA has come at a time when services and jobs would have been cut back. The type of turnover in a large city and large school system that would be required with this 78-week cutoff could sabotage the program. The administrative costs of a constant turnover of this type would, I think, militate against having it in there.

Senator CHAFEE. The 78 weeks or even the 52 does get you through a year. Your concern is that it is not tailored to a school year. But 78 weeks would certainly get you through a complete school year.

Mr. HUMPHREY. It would get you through 2 school years. What I am saying is since you would not have all of the people coming on and off,

having this sort of hard-and-fast time limit would have almost a constant turnover effect within the employees of especially large cities. You would have a constant process of trying to replace people who would be running out of their eligibility.

Senator CHAFEE. Somehow I——

Mr. HUMPHREY. You could be up to 20,000 people a year for example in New York City.

Senator CHAFEE. Somehow I do not think this program is designed to meet the problems of the group that you represent. That may be discouraging, but that is the way I see the program. That the group you represent, it seems to me, we have got to try to reach through other programs that this committee handled, the aid-to-education programs, and all of those. I just cannot see, at least in my own judgment, that your folks are the kind that we are trying to assist under the rules of this program.

Mr. HUMPHREY. I understand that, Senator.

Senator CHAFEE. That sounds harsh. I do not mean it that way.

Mr. HUMPHREY. Currently there are not great numbers of teachers employed under CETA. There are some. And frequently they are involved in providing CETA training as well as providing programs that are conducted for regular education programs. I guess what we are saying is we do not want to be prohibited from participation in the program, not that we anticipate CETA will be a big windfall and provide job opportunities for thousands of teachers. That is not going to be the case. It will provide job opportunities for other people that my union represents; namely, paraprofessionals and school aides. They are the primary recipient of CETA benefits within American Federation of Teachers. We have thousands of paraprofessional members of the union who do come from the background the CETA programs is seeking to help. The fact is they have moved on to regular jobs and of course are among the first victims when a cutback comes. The fact that they may have received unemployment in the past 15 weeks we believe should not disqualify them from a job. I think they are the type of people the committee is aiming to help. There are teachers under the program, and we hope there will continue to be. Basically that is not what we are discussing here.

Senator CHAFEE. Thank you, Mr. Chairman.

Senator NELSON. Thank you very much, gentlemen. We appreciate your taking the time to come.

[The prepared statement of Mr. Humphrey follows:]

STATEMENT OF THE AMERICAN FEDERATION OF TEACHERS, AFL-CIO,
PRESENTED BY GREGORY A. HUMPHREY, CO-DIRECTOR OF LEGISLATION,
BEFORE THE SENATE SUBCOMMITTEE FOR EMPLOYMENT, POVERTY AND MIGRATORY LABOR
REGARDING COMPREHENSIVE AND EMPLOYMENT TRAINING ACT PROPOSALS.
Thursday, March 2, 1978.

Mr. Chairman and Members of the Subcommittee. On behalf of the American Federation of Teachers, AFL-CIO, I want to thank you for the opportunity to present our views on this subject and to call to the Subcommittee's attention some of the problems faced by educators with the existing law and the Administration's proposed changes.

Much of our testimony will be negative in nature because we are calling to your attention problems that have developed over the years and with the law. These problems have hampered the proper functioning of CETA, and have worked to the disadvantage of our membership. Before we get into these, however, I would like to say that CETA has been an invaluable program that has done a great deal for the individuals who work in CETA jobs. CETA has also augmented the quality of services provided by local governments and local education agencies. It is because of our belief that the program has been beneficial that we are disturbed by the radical change in direction evidenced in the Administration's proposal. A reading of the Administration's Bill indicates that CETA will no longer provide the United States with a comprehensive manpower policy as part of its arsenal against unemployment.

The Administration's proposal virtually guarantees that a comprehensive policy will not result due to the exclusive attention given to structural unemployment and the problem of the hard-core, long-term unemployed. While the employment problems of disadvantaged people clearly must occupy center-stage, we believe that failure to address counter-cyclical employment problems that effect the entire population will result in a failure to solve both sets of problems. An unemployment rate in excess of 6% is not reason to shift emphasis so drastically.

There are many features of the Administration's proposal that outline this direction. From the point of view from education, the following problems are paramount:

1. The establishment of exclusive priority for disadvantaged individuals over all other unemployed workers will effectively exclude from the program teachers who are unemployed and many people with serious employment problems. The method of determination of need could very well result in exclusion from eligibility many disadvantaged individuals, as well. For example, AFT represents many teachers and paraprofessionals who work full-time and others who work on a part-time basis. Under the current law, working a day or two in the accounting period eliminates eligibility for a job under CETA. For someone who has worked in the education professions or as a paraprofessional this bar represents a disincentive for seeking part-time work if one's employment goal is to return to the educational system. The work of a spouse also eliminates family CETA eligibility. To increase this tendency as this bill proposes to do, will result in serious hardships for trained and qualified educational personnel who cannot find

jobs. It will also make sure that education which is the largest single local public employer in the Nation will not participate equitably in the CETA program. Another result will be that CETA training will almost surely be carried on by individuals unqualified to provide it.

2. Another serious problem is the seventy-eight-week limit on CETA employment. The 78-week limit if it is established as a target or goal, would be acceptable but as a hard-and-fast-rule it simply assures that education personnel will not be eligible for CETA work and that turnover will be required in jobs that will be damaged by a lack of continuity such as paraprofessionals whose dealings with children are improved and enhanced by time. There is also the question of how motivation and morale are affected when employees are aware that their eligibility for employment will be terminated regardless of their efforts.

3. A third problem in this area constitutes a direct slap of the teaching profession that is the requirement that professionals be prohibited and the proposal that supplementation above the $10,000 ceiling may not exceed 10% of the prime sponsors, Title VI payroll. As you are well aware, this would result in considerably less than 10% of the Title VI jobs being available for supplementation. This is a dramatic reduction in the current practice of permitting up to 20% of the jobs to be supplanted above the $10,000 salary ceiling. We urge that the current provision be retained and that this Subcommittee permit teachers to work under the CETA program. Without supplementation, even entry level teachers will have to receive less money than they are entitled to or forego a CETA job.

4. A fourth concern under the President's proposal is a new method of processing grievances. We understand the necessity for processing grievances through the prime sponsors grievances mechanism for persons employed by the prime sponsors in CETA jobs. However, for organizations and people not employed by the prime sponsor, removal of the opportunity to file a complaint directly with the regional office of the Labor Department is a guarantee of lack of resolution of grievances. Because of the short-term nature of CETA employment in this case, justice delayed will certainly be justice denied. Currently, it can take months before even a meeting with a prime sponsor can be arranged in a short-term case. This is an open invitation to ignore collective bargaining agreements and other arrangements that the prime sponsor is obligated to observe under the law.

There are also problems with the existing program that we would like to call to your attention. The AFT in conjunction with the D. O. L. conducted a series of regional workshops for teachers and school administration which provided information about CETA and helped to assess the functioning of the law as it relates to education. The single greatest problem called to our attention is a practice known

as "outstationing." Outstationing occurs when the prime sponsor employs workers who actually perform their duties for a local education agency. We assume this is also a problem for other program agents.

Outstationing establishes, for example, teachers who are employees of the county, e.g., at Nassau and Suffolk Counties in New York and Baltimore County, Maryland but who work for local education agencies within the prime sponsors' jurisdiction. These teachers are compensated at a comparable rate with other county employees, not with the teachers employed by the LEA with whom they work side-by-side. This results in two classes of employees and two standards of compensation and, of course, friction between CETA and regular employees. In this case, CETA employees can and do undercut existing collective bargaining agreements because the teachers bargaining agent cannot represent them since they do not work for the school board. The prime sponsor or local education agencies can use these individuals as a weapon against the regularly employed teachers and try to erode the standards in the teacher collective bargaining agreement. Since these employees do not have the availability of union membership as a protection, they are not in a position to demand any of their rights and the possibility of political abuse is obvious. A final result of the outstationing is grossly inefficient and wasteful management. These individuals do not function on the school work calendar but on the prime sponsor's work calendar. The result is that they are expected to be available for work on days when the schools are closed, such as during recess. It is very unlikely that a principal or assistant principal of a school will come to work simply to supervise some CETA employees when there are no children in the school because of a recess. Conversely, these workers have days off when the schools are functioning which produces additional costs for substitutes and other obvious problems.

The best way to deal with this problem is to require subcontracting by the prime sponsors whenever workers are going to be employed in a local education agency. This would assure that these workers would have available to them all the benefits that they are entitled to and that existing employees will not see CETA people as a threat to their standards. This is a problem that simply must be addressed in order for CETA to work properly.

Another problem very frequently raised in our conferences was the lack of information provided by CETA prime sponsors. Local education agencies in the final analysis are the institutions established by the community for the provision of education and training. An LEA has a vital interest in the prime sponsor operations in these areas. Unfortunately, prime sponsors do not always see it that way and LEA's are not provided in a timely fashion with information that is routinely provided to others such as community-based organizations. We would ask that the law include a requirement that such information be available to local education agencies on those matters which are of vital importance to them. A related complaint was duplication of training programs. Prime sponsors frequently set up facilities through proprietary and private, non-profit organizations for the provision of services and training already available through local education agencies. Such duplication results in waste of scarce CETA dollars and in the establishment of a costly duplication of effort. We ask

that LEA's be considered under the law as the providers of training; in those cases where a LEA either cannot or will not provide appropriate training opportunities, the prime sponsor can shop elsewhere.

The final question we wish to address is that of academic credit for CETA work and training. Perhaps we should have said so at the beginning of this statement but as far as the AFT is concerned the single most important job skill is the ability to read and write and use math. Even if all of the structurally unemployed were provided with job skills to match available employment opportunities, a lack of basic skills could still make them unemployable. Basic skills, however, do not result as a consequence of someone with no expertise in the field granting a high school equivalency or other certificate because of academic credit gained through a CETA program. Academic credits must be awarded out of agreements between prime sponsors and local education agencies in accordance with existing state laws. To provide academic credits under other circumstances would be a hoax and would result in a piece of paper of no more value to the recipient than his lack of ability already. It could also result in an attraction away from school programs to CETA programs because of the less rigorous standards to be found in a CETA program. We urge you to assure that this problem does not develop by requiring that academic credit be furnished with the conditions previously described and to make sure that CETA does not act as an inducement to leave school. The Administration's proposal does deal with this problem adequately.

Thank you for the opportunity to present our views. This statement has attached to it specific citations in the President's proposal where we believe changes are necessary. CETA has been a vital program over the last few years and we believe many features of the Administration's proposal will strengthen the operations of CETA. We have only addressed areas where we believe a problem exists.

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Section 104. (a) (2) -- states that the prime sponsor shall make its comprehensive employment and training plan specifically available to appropriate community based organizations. In order to enhance the coordination of school programs with those of the prime sponsor, and in recognition of the particular interest schools have in training programs, the plan should also be made specifically available to local education agencies.

Section 106 (b) suggests that "any interested person or organization" which has a complaint against a prime sponsor must exhaust the prime sponsor's grievance procedure just as though it were a participant, subgrantee or subcontractor before proceeding with the complaint to the Secretary. Many prime sponsors are uncooperative in resolving complaints, and this suggested change in the law will allow them to be less cooperative. It allows a prime sponsor to erect a time barrier between the Secretary (Regional Office of the Department of Labor) and complaints coming from outside of the CETA program.

Section 121 (k) states that CETA programs shall use services and facilities of federal, state and local agencies, "to the extent they are effective." This phrasing provides an easy avenue for prime sponsors, for their own political reasons, to by-pass school programs and establish duplicate services and facilities. Unnecessary duplication not only creates an inefficieny in the CETA program, but it may entice students to drop out of regular educational programs. Services and facilities of federal, state and local agencies should be used whenever the agencies are willing and able to provide the services and facilities.

Section 122 (i) (2) states that the public service employment of any individual shall be limited to 78 weeks in a five year period. While this maximum length of service may be desirable as a goal but if it is established as an absolute rule, it will undoubtedly create many individual hardships, and will reduce the flexibility of the CETA program.

Section 122 (L) states that employees in public service jobs will be provided certain benefits and working conditions to the same level and extent as other employees "working a similar length of time." These words suggest that CETA employees hired at a different point in time than other employees could be denied fair benefits and working conditions. In any case, the phrase "working a similar length of time" appears to be unnecessary and redundant with the other qualifications which are listed.

Section 124.(b) (3) states that public service employees must not be paid less than "the prevailing rates of pay for persons employed in similar occupations by the same employer." This statement, although it expresses a necessary wage standard, ignores the need to also recognize minimum standards at a particular work site. Thus, it is possible for the employees of one employer to be placed at the site of another employer and used to undercut the standards of compensation that have been established there by collective bargaining. An addition to Section 124 (b) (3) stating "or at the same work site," would seem to eliminate this problem.

Section 204.(a) states that when an agreement cannot be reached between the prime sponsor and the state vocational education board, the prime sponsor may make an agreement with alternative deliverers of vocational education services. It should also state that when an agreement is not reached between the prime sponsor and the state vocational education board, the reasons for failing to reach an agreement must be reported to the Secretary. The Prime Sponsor should be obliged to make a good faith effort at reaching an agreement with the state vocational education board.

Section 213 and Section 607, both state that to be eligible for participation in CETA programs persons must be unemployed or under-employed and economically disadvantaged. In the case of public service employment, which has an important counter-cyclical function, the criteria should remain as in the past: unemployed, underemployed or economically disadvantaged. This will help maintain the flexibility and broad manpower emphasis of CETA.

Section 602. (b) (2) establishes an unemployment rate of 4.75 percent as the trigger for additional counter-cyclical funds in public service employment. This rate is unacceptably high and should be set instead of 4.5.

Section 608, states that supplementation of wages for public service employees will be allowed only for non-professional employees and in total cannot exceed ten percent of a prime sponsor's allocation under Title VI. This proposed change would seriously damage CETA's strength as a counter-cyclical program - at a time when cyclical unemployment is, and may well remain, a significant problem. This change would also deny, nearly altogether, the important impact of CETA on the significant and persistent manpower problems in the field of education.

Senator NELSON. Our next witness is Mr. Thomas Bradley, National Council on Aging, representing the Employment Task Force of the Ad Hoc Coalition of National Organizations Concerned With Older Americans. Your statement will be printed in full in the record.

STATEMENT OF THOMAS BRADLEY, NATIONAL COUNCIL ON AGING, REPRESENTING THE EMPLOYMENT TASK FORCE OF THE AD HOC COALITION OF NATIONAL ORGANIZATIONS CONCERNED WITH OLDER AMERICANS, ACCOMPANIED BY RUTH BRAVER AND GLENN NORTHUP

Mr. BRADLEY. As you know, Mr. Chairman, my name is Tom Bradley. I am an associate director of the National Council on Aging. I also serve as chairman of the Employment Task Force of the Ad Hoc Coalition of the National Organizations Concerned With Aging. With me today are two other members of the coalition and the task force. On my left we have Mrs. Ruth Braver, who is the executive director for the Urban Elderly Coalition, and on my right, Mr. Glenn Northup, who is national director for the title IX program at the American Association of Retired Persons, National Retired Teachers Association.

The ad hoc coalition has been in existence for nearly 2 years, and it is composed of the Nation's leading organizations in the field of aging. In addition to the Nation's largest aging organizations, special program units of broader interest organizations are also participants in the work of the coalition and of the task force.

I have attached to our written testimony a list of those organizations.

Before I attempt to summarize those points that the majority of the coalition has come to agreement on, I would like to express our sincerest appreciation for the opportunity to give testimony here today, as we are particularly pleased with the leadership that you and the other distinguished members of this subcommittee and the Human Resources Committee have exhibited over the years in your efforts to make people—particularly the disenfranchised, not just process—defense and finance the major role of government. We are particularly aware of your role, Mr. Chairman, in the creation and continued growth of what is now one of the Nation's most successful programs operated by the Employment and Training Administration; that program is title IX of the Older Americans Act.

Because of the rather short time limit that has been placed upon our presentation, I shall submit for the record full testimony that has been prepared by the task force, and just take a few minutes to verbally review our major points.

Senator NELSON. It will be printed in full in the record.

Mr. BRADLEY. That way you and the committee will have more time for specific questions which we can attempt to answer.

Before I begin, I must emphasize that we represent the coalition, and as such will attempt to provide the prevailing views of the members of the coalition. I have also taken the liberty of inviting the members of the coalition to submit to you individually their statements from their organizations before the end of this month.

Senator CHAFEE. Did you submit some testimony?

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Mr. BRADLEY. Yes, I did. It should be available to you. Our testimony can be divided into two sections. The first part of the narrative concerns ourself with some documented facts which define the problem. Middle-aged and older workers are not well served by CETA and in general are very poorly treated by the Nation's labor market.

Many of the points I will hit here were brought up in previous testimony by Commissioner Flemming, and by Senator Birch Bayh, and you will find that they are re-echoed here as I will go briefly through them.

One. Age-related employment problems are universal and do not exist exclusively in either the public or private labor force. Further, they are not limited to any specific group such as men, women, minorities, or blue or white collar workers.

Two. Though the rate of unemployment for older workers is not as high as that of other special target groups, the periods of joblessness experienced upon unemployment average 7 to 10 weeks longer for older workers than for younger persons.

Three. Older workers account for the largest percentage of the Nation's discouraged workers—those who leave the labor force because of poor employment prospects or poor conditions within the labor market itself. Thus, their true unemployment rate is not reflected in the national figures. This was pointed out by Dr. Flemming.

Four. Most of the people who use their maximum supplemental Federal unemployment insurance benefits and subsequently drop out of the labor force are 45 years of age and over.

Five. Services of CETA and ES drop in direct proportion to age of applicants. Services provided to older workers have not reflected their numbers among the unemployed or in the labor force. Again, this was pointed out by Dr. Flemming. We have numerous studies which are also cited in our formal testimony that point out just that fact.

Six. Title IX is often used as an excuse for not providing a more equitable proportion of CETA and ES services to older workers. This was the excuse often given by the prime sponsors at the local level and that we have often heard in the previous administration from some highly positioned labor employees.

Seven. Title IX, however, is an excellent program but it does not begin to meet the needs of the largest group of older workers. It should be just one aspect of a much broader range of public employment services available to older workers.

Eight. Relatively few older workers are seeking a handout. Most want an opportunity to work, remain independent, and earn their keep.

The second part of my testimony is related to changes that we would like to see implemented in CETA in order to assure more equitable distribution of services to the middle-aged and older worker:

First. CETA prime sponsors and their agents should be required to include an analysis of the universe of need of individuals based on sex, race, and age groupings in their plans. Age groupings should include: Under 22, 22–39, 40–54, 55–64, and 65 and over. This represents a slight change from the way they apparently keep their statistics.

Second. Prime sponsors and subcontractors should report comparative services provided to each age group on a quarterly basis.

Senator NELSON. They should report on a quarterly basis?

Mr. BRADLEY. Right. The services provided to each of these age groups.

Senator NELSON. Do they currently report which age groups receive services?

Mr. BRADLEY. They do report on age groups now, but as Dr. Flemming pointed out, it is very difficult to track the services that are provided to the older workers. The specific percentage for titles I, II, and VI are contained in our testimony and that of the Civil Rights Commission which also pointed out the inequities and gross age bias that you find in the CETA program as it is presently operated.

Third. The Secretary of Labor should be granted clear authority and responsibility to withhold CETA funds for or to bypass prime sponsors and fund projects directly if the prime sponsor's reports reveal a continued pattern of inequitable service to middle-aged and older workers. In reference to a comment made earlier about the fear of what might happen, we are talking about facts as to what has happened. Nothing has changed essentially in the way older and middle-aged workers are treated within the CETA network from what we found under the old manpower programs of the sixties. There have been close to 20 years of neglect of older workers.

Fourth. Prime sponsors should assure that middle-aged and older workers are represented in fair proportions on all planning committees.

Fifth. By reason of their long neglect, middle-aged and older workers should be regarded as a new minority, with prime sponsors being required to submit specific plans for the assessment of their needs and development of outreach capability and training capacity, along with job placement strategies designed to meet the needs of this significant segment of the work force.

Sixth. CETA prime sponsors should demand that older workers services be made available through an older worker unit in any contracts they make with the local employment service offices.

It was also pointed out in our testimony that we feel that there should be greater coordination between ES and CETA, because the function of one is training, and the other is placement. In addition, if CETA is going to contract with ES, they should insist that ES should perform their function as it relates to the older worker.

Seventh. More emphasis should be placed at the national and local levels on determining the true unemployment rate of middle-aged and older workers.

Eighth. A major goal of the Department of Labor and local prime sponsors should be the development of greater flexibility in the use of educational funds, especially vocational, for the retraining of middle-aged and older workers.

The above points summarize our statement. At this time I would like to stop and respond to any questions that you, Mr. Chairman, and the committee might want to ask us.

Mrs. BRAVER. I would like to make one point with reference to your question about the training. How do you build the training in that you asked the previous person? I think our point 8 is well taken with reference to the use of educational funds, especially vocational for retraining of middle-aged and older workers. But I also think in my

experience that I have had—not a lot but I think sufficient—that I have found that many CETA people do not get on-the-job training, and what happens is when they leave that period after a number of weeks, they really are not able to go out into the private sector and retain a job or have the kind of skills they should have.

It would also seem to me that there should be some alliance with the business community. Since I speak mostly for older workers, that those people who are going to be let out on jobs or be retired, that there should be some linkage where they get second career training on the job. I think it would be less costly. CETA funds could be used to partially reimburse that training, while the person is still working and being phased out of another job. With reference to that, I think that is also an important point, that there should be a greater attempt of outreach on the part of CETA so that they deal not only with the local government or so-called prime sponsors, but that it begin to develop an alliance with business groups, and particularly small business groups. They do exist in the cities, and I think they would then be able to utilize and train the older workers better and provide better on-the-job training.

With reference to your requests in the letter, Senator Nelson, that you asked about innovative approaches, I would like to point out to you that there are some voluntary organizations that are now beginning to look at the work their volunteers do as potential job training. This would be particularly applicable to what Senator Bayh was talking about with reference to displaced homemakers. The National Council of Jewish Women, for instance, is giving a skill profile to all of their volunteers, so they can use it as job-related training when they go out in the market if they should be so forced to do.

The final point I would like to make is with reference to the seesaw effect of the time limitations on the public service jobs. I agree with you that the purpose of CETA is not necessarily to provide jobs on a long-term basis. But I think something should be done either to see that there is a bridge to another type of work. In a study I did on title X, with reference to discouraged workers, over 80 percent of those who had not worked prior to being employed in title X, in the previous 2 to 7 years; but who needed work and wanted to work, over 80 percent of those in title X programs, when we surveyed, said they would now be looking for work, which indicates to you the kind of impact that is going to be made by awareness of older persons that they have a right to, and they need and want work.

My last statement would have to do with the fact that in discussions with very top Department of Labor officials, they have said they really have no enforcement policy with reference to enforcing what prime sponsors do with regard to older workers, young people. In other words, if we are here petitioning that older workers secure their rightful and equitable share of the CETA funds, regardless of what they may be, there is at present no understanding by the Department of Labor of what their enforcement rights are. Thank you very much.

Senator NELSON. You say there is no departmental policy? You are not saying that the Department of Labor does not have authority to act?

Mrs. BRAVER. I am not sure they feel they have the authority.

Mr. BRADLEY. We say clear authority, because in a meeting with Secretary Marshall himself, he pointed out that he felt he was considering at that point a separate title in CETA for the older workers which obviously has changed in the administration's proposed legislation at this point, as there is presently a separate title for older workers in the proposed legislation. But in pointing out the fact that he had problems with enforcement, he also mentioned the fact that he knew and was well aware, as pointed out in Dr. Flemming's testimony, that CETA had not served the older or middle-aged workers well. He was unclear as to what might be done about it from a national standpoint.

Senator NELSON. You would not want a rigid statistical formula imposed upon every prime sponsor, would you?

Mr. BRADLEY. We think that it is necessary to look at the distribution of the various target groups within a general area and we review the plans of that prime sponsor to make sure that in one way or the other they do have plans, immediate plans for addressing the needs of all of their special interest groups.

At this point the coalition per se is not in the position to say that we will want a rigid formula. It may be that there are a number of member organizations who want to take that stance.

Senator NELSON. Did you have anything?

Mr. NORTHUP. I would like to point out in CETA regulations currently there is what is known as a significant segment clause, which requires the prime sponsors serve those significant segments of the needy population. This particular segment of the regulations, however, to my experience has not been enforced in any remote way by the Department of Labor. I think this is the section the Secretary was speaking to in feeling that he did not have the authority to enforce this kind of statistical criterion on the prime sponsor.

Senator NELSON. Thank you very much. We do have a time constraint on meeting with the Senate in session. We have some additional questions. We will ask you to respond to them in writing.

[The prepared statement of Mr. Bradley follows:]

STATEMENT OF THE EMPLOYMENT TASK FORCE

OF THE AD HOC COALITION OF NATIONAL ORGANIZATIONS

CONCERNED WITH OLDER AMERICANS

ON THE

REAUTHORIZATION OF THE COMPREHENSIVE

EMPLOYMENT AND TRAINING ACT

PRESENTED TO THE SENATE HUMAN RESOURCES SUBCOMMITTEE
ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR . . . . .

March 2, 1978

An Ad Hoc Coalition of National Organizations Concerned with Aging has been meeting in Washington, D. C., since January 1976, to discuss policy issues affecting older people. The Coalition represents mass membership groups, professional associations, research institutes, state and community agencies, and special program units of broader public interest organizations. From that group a somewhat smaller task force was created to focus specifically on employment problems and opportunities for the older worker. This is the one policy area where our concerns include the middle-aged population as well as persons over age 60.

Age-related employment problems are universal, being neither an exclusive characteristic of the public or private labor force nor of blue or white collar jobs. Obviously, the solutions to these problems are not the exclusive responsibility of any one group, including the Federal government. But, to the extent that Federal policies and programs encourage appropriate responses from private and other public employers, the U. S. Department of Labor must be held accountable for its efforts to secure work opportunities for middle-aged and older workers.

There is only one identifiable Federal employment assistance program for older workers -- the Community Service Employment Program authorized by Title IX of the Older Americans Act. The Title IX program provides part-time employment for older economically disadvantaged individuals aged 55 and older.

Such a community service program not only lets the elderly help themselves, but lets them help others to remain independent and self-sufficient.

Our experience with the program convinces us that Title IX is a truly successful Federal employment assistance program that benefits a limited number of program participants directly, and a much larger group of the elderly population and the general population through services provided by the program participants. Title IX, however, should be just one aspect of a much broader range of public employment services available to older workers. Though its value in providing part-time work experience and retraining should not be underestimated; by itself, Title IX's ability to affect the severe employment problems faced by older people is limited.

In fiscal year 1978, for example, the $190.4 million appropriation for Title IX programs will provide federally subsidized jobs for approximately 47,000 older persons. These jobs, however, will provide employment opportunities to fewer than one percent of the 5.4 million older Americans eligible by age and income for enrollment in the program.

Relatively few of these people are interested in receiving a handout. Many simply want an opportunity to work, remain independent, and earn their keep. Unfortunately, they cannot depend on the private sector to provide them with that opportunity. A review of the current statistics reveals the severity of the employment problems facing older workers.

Though employment rates for most workers have risen slightly in response to the improving economy, older workers have not shared fully in the relative improvements in the job market. On an average, older workers 45 years of age and above represented 34 percent of the employed population in 1976, but only 33 percent in 1977. The periods of joblessness are, on the average, seven to ten weeks longer for older workers as compared to their younger counterparts. In November of 1977, workers 45 and over were 22 percent of those unemployed 15-26 weeks, and 32 percent of those unemployed 27 weeks or more.

Even these alarming figures do not reveal the full extent of older workers' unemployment. Dr. Marc Rosenblum of the National Commission on Employment and Unemployment Statistics has measured the degree of job discouragement among workers and found that those 55 and over have the largest proportion of persons discouraged for job market reasons than any age group. Among males, under age 55, there are four persons who are discouraged for job market reasons to every person unemployed; while among workers 55 and older, there are 37 discouraged to every unemployed worker.

Dr. Rosenblum concludes that this discouragement pushes older workers out of the labor market and into involuntary retirement where they are no longer recorded as job seekers, even though they may desire work. The problem is not diminishing despite recent job market improvements. According

to Dr. Rosenblum, the average number of people discouraged from seeking employment in 1977 because of poor employment prospects was 1,010,000 and over a quarter (27 percent) of those discouraged workers were 55 and over.

It is important here to note that in a recent study of the Supplemental Federal Unemployment Insurance Benefits, most of the people who had used their maximum benefits and who subsequently dropped out of the labor force were 45 years and over - 70 percent were age 45 years and over, and 45 percent were 55 and over. It appears from this study that the older the individual, the greater the chance that he/she will have used all entitled employment insurance benefits and still be unemployed or out of the labor force once all benefits have expired. In essence, the older workers are usually the first to be laid off or terminated when the economy slows, and the last to be brought back into the market when the economy warms and employment improves.

For many of these people, a part-time employment program, such as an expanded Title IX program, could provide sufficient opportunities to be useful to others and to supplement their inadequate incomes. Others, however, might need more extensive training or full-time employment opportunities. If so, they could expect little assistance from the federal employment and training programs supposedly designed to meet these needs.

An analysis of 1973 and 1974 data from the Employment Security Automated Reporting System shows that the U. S.

Employment Service consistently provided less service to older job seekers. In 1974, 52 percent of applicants under age 2. were referred to jobs: this was true for only 27 percent of those 45-54, 21 percent of those 55-64 and 18 percent of those 65 and older. Yet the older person was just as likely to be employed after referral as his/her younger counterpart. Over half of all workers 45 and over in each age category were placed in jobs, nearly the same placement rate as that for the younger groups. Recent data show that no significant change occurred in the age bias of Employment Service attention from FY'74 through FY'76.

The Department of Labor defines the older worker as anyone over 45 who, because of age, is having difficulty entering the labor force or remaining in it. In fiscal 1977, persons aged 45-54 represented an average 4.2 percent of the recorded unemployed; those 55-64, 4.0 percent, and those 65 and older, 5.0 percent. Despite the need for employment assistance, middle-aged and older worker participation in the Federal Comprehensive Employment and Training Act (CETA) programs was less than their apparent need, as the following table (based on 90 percent of prime sponsors reporting) shows:

CETA PARTICIPATION

Fiscal Year 1977

(October 1, 1976 - September 30, 1977)

	Title I	Title II	Title VI
	Total Participants 1,347,300	Total Participants 320,500	Total Participants 516,400
45-54	4.3% (58,600)	9.4% (30,000)	9.1% (46,992)
55-64	2.3% (31,200)	4.8% (15,500)	4.7% (24.270)
65 +	1.0% (13,400)	0.9% (3,000)	0.9% (4,647)

On the average, less than 5 percent of those served by CETA have been older workers. This figure has not changed since the original categorical "manpower" programs of the sixties. And, despite the fact that CETA Title III specifically designates older workers as a target group, they have not benefited in any significant way under this title.

The findings of the U.S. Civil Rights Commission study of age discrimination in federally funded programs corroborate that older workers seeking public service employment are not proportionately represented in the federal employment and training programs authorized under CETA. Program administrators point to age discriminatory practices among private employers and compulsory retirement policies as reasons for not expecting older applicants to be hired -- and, thus, reasons for focusing services on younger people.

In interviews and public hearings, CETA program administrators admitted that the Title II and Title VI public service employment programs concentrated on persons between the ages of 22 and 44 -- those who were "employable." Often it could be blamed on administrative policies such as placement requirements that exert pressures on program staff to "cream" applicants; that is, select only those who can be quickly placed in the competitive job market.

For example, prime sponsors of programs under these titles are required by Federal regulation to establish as an annual goal the placement of half their terminated participants in unsubsidized employment. Because the goal is often misinterpreted as an inflexible standard, program staff try to increase placements by choosing job-ready and easy-to-place applicants over those. such as the middle aged or elderly, who face employment barriers.

In response to questions from the Civil Rights Commission, Labor Secretary Ray Marshall agreed it was a misinterpretation of policy, saying "prime sponsors should not feel the need to "cream" in making participant selections in order to achieve a satisfactory evaluation."

To correct such misinterpretations of policy, the Commission made several recommendations, which we endorse and which can be implemented immediately: Federal departments and agencies should take administrative actions, such as encouraging more effective outreach programs or requiring needs assessment and program participation data to be broken down according to age. Departments responsible for administering non-age-specific

programs should take affirmative action to open up participation opportunities for people of all ages.

In addition to implementing the Civil Rights Commission recommendations, the Department of Labor could focus more attention on particular services of value to middle-aged and older workers. These services would include:

1. Active recruitment of unemployed middle-aged and older workers, who may have dropped out of the official and visible unemployed population because of job discouragement.

2. Skill assessment and training programs to enable those workers whose skills may be outdated to return to the competitive labor force.

3. Emphasis on practical, on-the-job training programs, including public service employment.

4. Careful referral coupled with accurate job assessment to place older workers in positions appropriate to their abilities.

5. Continuing access to employment counseling and other supportive services to assist older workers to retain their jobs once placed.

6. Provision of adequate full-time public employment job slots for older workers who might otherwise have poor employment prospects.

7. A Federal effort to promote the skills and abilities of older workers throughout the private sector.

To begin improving services, the task force recommends the following changes in CETA:

- o To assure fair and equitable participation of middle-aged and older men and women of all racial and ethnic backgrounds in CETA, prime sponsors and their agents should be required to include within any state plan an analysis of the universe of need of individuals they intend to serve by sex, race and age (groupings of under 22, 22-39, 40-54, 55-64 and 65 and over are suggested).
- o A standardized reporting system should be developed whereby prime sponsors and subcontractors would report comparative services to age groups on a quarterly basis. The Secretary of Labor should be given the authority and responsibility to withhold CETA funds, or bypass sponsors to fund projects directly, if these reports reveal a continued pattern of inequitable service to middle-aged and older workers.
- o Prime sponsors should assure that middle-aged and other individuals familiar with the manpower and employment needs of workers over 40 are included in fair proportions of all state and local manpower planning committees. In addition, in order to receive CETA funds, local Employment Service offices should be required to have a trained older worker specialist

on staff with exclusive responsibility for assisting middle-aged and older clients.

- o Middle-aged and older workers, by reason of their long neglect on the part of the Department of Labor, should be regarded as a new minority. Each Prime Sponsor, therefore, should be bound to submit within his state plan special training and technical assistance provisions to agents, or subcontractors on how to:
  - * Assess the needs of middle-aged and older workers within a community;
  - * Develop outreach capabilities to bring these older workers into CETA training and employment programs;
  - * Develop special training methodologies and skill conversion techniques for middle-aged and older men and women;
  - * Develop job placement strategies, in cooperation with other employment related agencies (e.g., the State Employment Security Agency) for those older individuals;
  - * Develop supportive interagency agreements with private and public older worker employment services and with the network of State and Area Agencies on Aging.
- o Because official unemployment statistics do not reflect the numerous discouraged workers who have dropped out of the labor market and who are frequently middle-aged

and older worker, the Secretary of Labor should be required under Title III of CETA to develop and implement specific techniques for recording discouraged workers and for bringing them back into the employment system.

- o There should be greater flexibility in the use of vocational education funds under CETA so that middle-aged and older workers can be retrained in vocational skills, if necessary, to improve their employability.

Thank you, Mr. Chairman, for consideration of our views on this matter. We would be pleased to answer any questions or to submit additional information at your request.

TLB:db

February 28, 1978

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Senator NELSON. Our final witness, Joe de la Cruz.

Mr. de la Cruz, if you would identify your associates starting over at your right, so the reporter will have an accurate record.

STATEMENT OF JOE DE LA CRUZ, CHAIRMAN OF THE QUINALT INDIAN NATION AND PRESIDENT OF THE NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION (NTC), ACCOMPANIED BY CHIEF BLACK, ALASKA FEDERATION OF NATIVES (AFN); LOUIS R. BRUCE REPRESENTING THE NATIONAL URBAN INDIAN COUNCIL (NUIC); JESSE FISHER, SR., CHAIRMAN OF THE REGION IX SECTION 302 PRIME SPONSORS ADVISORY COUNCIL AND CETA DIRECTOR FOR THE COLORADO RIVER INDIAN TRIBES; GUS GREYMOUNTAIN, STATE COORDINATOR FOR THE ARIZONA SECTION 302 PRIME SPONSORS AND SPECIAL PROJECTS COORDINATOR FOR THE AFFILIATION OF ARIZONA INDIAN CENTERS, INC.; DON MATHESON, VICE CHAIRMAN OF THE PUYALLUP TRIBE OF INDIANS; MICHAEL L. REICHERT, CHAIRMAN OF THE REGION X SECTION 302 PRIME SPONSORS AND CETA DIRECTOR FOR THE PUYALLUP TRIBE OF INDIANS; JAMES C. SANDERS, CETA DIRECTOR FOR YUPIKTAK-BISTA, THE SECTION 302 PRIME SPONSOR IN THE BETHEL, ALASKA, AREA; AND MS. PATT KAY, CETA DIRECTOR FOR THE NORTH PACIFIC RIM SECTION 302 PRIME SPONSOR IN THE ANCHORAGE, ALASKA, AREA

Mr. DE LA CRUZ. I want to thank the chairman and members of the subcommittee for granting us the opportunity to testify before this committee.

I am Joe de la Cruz, chairman of the National Tribal Chairmen's Association. I am also representing the National Congress of American Indians.

With me are:

Mr. Cliff Black of the Alaska Federation of Natives.

Mr. Louis R. Bruce, representing the National Urban Indian Council.

Also serving on the panel are:

Mr. Jesse Fisher, Sr., chairman of the region IX section 302 Prime Sponsors Advisory Council and CETA director for the Colorado River Indian Tribes.

Mr. Gus Greymountain, State coordinator for the Arizona section 302 Prime Sponsors and Special Projects Coordinator for the Affiliation of Arizona Indian Centers, Inc.

Mr. Don Matheson, vice chairman of the Puyallup Tribe of Indians.

Mr. Michael L. Reichert, chairman of the region X section 302 Prime Sponsors and CETA director for the Puyallup Tribe of Indians.

Mr. James C. Sanders, CETA director for Yupiktak-Bista, the section 302 Prime Sponsor in the Bethel, Alaska, area.

Ms. Patt Kay, CETA director for the North Pacific Rim section 302 Prime Sponsor in the Anchorage, Alaska, area.

We are here to present our statement as a united front on some of the problems that exist across the country with Native Americans.

I want to present our statement and have one of the gentlemen read a statement. It is not that long of a statement. The previous witnesses have testified. The Native people have some similar problems that they have. I want to point out I was privileged to sit on the National Foreign Relations Policy Conference on Human Rights, on Domestic Rights in the United States, and it was very obvious that our peoples are on the very bottom.

As some of the previous witnesses testified, some of the problems that they present, ours are almost compounded.

I would like to have Mr. Gus Greymountain present our statement, Mr. Chairman.

Mr. GREYMOUNTAIN. Since the first draft of the new legislation, Native American prime sponsors from all over the country have worked diligently to document their performance under the current act and to assess the potential impacts of the new legislation on our Indian CETA programs.

We are here today to supply you with a record of our past performance and to offer our findings and recommendations relative to the proposed legislation.

The passage of the original CETA Act marked the first time that a comprehensive employment and training program serving Indians and other Native American groups was authorized by Federal law. Tribes had shared in the provisions of the Emergency Employment Act of 1971; there had been several limited programs operated by the Bureau of Indian Affairs; and there had been some participation by Indian groups in the categorical programs which preceded CETA.

However, none of these programs provided as sweeping a set of services as section 302 of CETA authorized. Neither did the prior programs guarantee the levels of funding now contained in the 4-percent funding floor in section 302(g) and the 2-percent set-asides found in the provisions in title VI and subparts 2 and 3 of part C of title III of CETA.

CETA did the additional thing of great importance to Indian communities. It explicitly mandated that the Native American program be conducted "in such a manner as to maximize the Federal commitment to support growth and development as determined by representatives of the communities and groups served by this part." Section 302(b)(3). This affirmation of the principle of self-determination, since written into the Indian Self-Determination and Education Assistance Act of 1975 (Public Law 93-638) as the fundamental basis for national policy toward Native communities, is crucial to the effective use of employment and training resources in support of long-range development goals in Indian country.

CETA has worked well in serving Indian, Native Alaskan, and other Native American communities. The attached performance records of Indian CETA programs in the Western States show this conclusively. With the minor changes to the law detailed below, and a better understanding of Indian unemployment problems, it can work even better.

In order to accurately understand the uniqueness of "Indian unemployment," it is necessary to revise one's view of "unemployment" in a

very drastic way. In his testimony this past week, Secretary Marshall emphasized the importance of "countercyclical" public service employment and the role it plays in combating cyclical unemployment.

Based on the amount of moneys set aside for short term PSE under title VI in the proposed legislation, it is clear that CETA is designed to primarily "target" "cyclical" unemployment. For States, counties, and cities, that approach may be both effective and appropriate. In Indian land, however, the villain is not "cyclical" unemployment, although we share that burden with non-Indians. Rather it is chronic structural unemployment. The average unemployment rate on Indian reservations exceeds 45 percent and before CETA it was closer to 50 percent. However, on some reservations, it still exceeds that. For that reason we find it necessary to request that Congress make provisions in the act which will enable us to continue to fight structural unemployment with the most effective weapon available; namely, long-term public service employment opportunities.

The proposed limitations on PSE and WE salaries, duration of participation and supplementation will seriously inhibit our ability to make permanent impacts on our unemployment picture.

The attached performance reports confirm the fact that Native American CETA programs have been carefully planned, well managed and highly successful. We would like that trend to continue and offer specific changes to the proposed act which will greatly increase our chances for continued success.

The first major recommendation which we would like to propose concerns an adjustment in the funding formulae. Our recommendation would target CETA services more effectively on severely disadvantaged Indian and other Native American workers. We have already referred to the incredibly high rates of structural unemployment in Indian communities. The facts, substantiated by studies done for both DOL and HEW, are that Indian unemployment rates nationally are double those for other disadvantaged groups and over quadruple those for nondisadvantaged workers.

In addition to the targeting factor, we are seeking increases in the Native American program funding floors because Congress has included additional native workers—native Hawaiians—as eligible for section 302 and other Native American program services. Our analysis indicates that the increase in the section 302 funding floor proposed by DOL—from 4 percent to 4.2 percent—will not be sufficient to even cover the native Hawaiian eligibility.

As a result, we recommend that:

One. The funding floor for the section 302 program be increased to 6 percent.

Two. The funding floor for the Native American provisions of the public service employment and youth programs be increased to 5 percent.

Three. Special funds be allocated under section 302 program for planning purposes.

Our second major area of concern relates to the proposed limitations on PSE and work experience projects as they would be applied to section 302 prime sponsors. The proposed limitations include:

First. Limiting the duration of participation in PSE to 78 weeks in any 5-year period and limiting the duration of participation in WE projects to 180 days in any 12-month period.

Second. Limiting the number of PSE participants whose wages may be supplemented to 20 percent.

Third. Limiting the amount of PSE salaries to $10,000.

We recommend that section 302 prime sponsors be authorized to allow PSE employees to remain as participants for a period not to exceed 36 months in any 5-year period and to allow work experience participants to remain in their slots for a period not to exceed 12 months in any 3-year period. Our recommendation is based on the structural nature of Indian unemployment.

In our view the limitation on supplementation of salaries for those in PSE slots should be deleted as there is no rationale for it.

With respect to the $10,000 PSE salary limitation, we recommend that the bill be amended to require the Secretary to set higher limits in high cost of living areas, such as Alaska and Hawaii, and to provide for an annual adjustment of the general salary ceiling in proportion to the annual increase in the cost of living index computed by the Bureau of Labor Statistics.

The third major area of concern is the language contained in the bill's provisions concerning the "Governor's Coordination and Special Services Plan" and the "State Employment and Training Council." These sections would require the Governors and State agencies to exercise certain powers over section 302 prime sponsors.

The approach is untenable when placed in the context of Indian and Native American unemployment problems. The major thrust of the State government-based CETA programs is to deal with countercyclical unemployment. As we stated previously, Indian and Native American unemployment problems are structural.

The rapid growth and regulatory complications involved in CETA have placed a burden on all Indian and Native American CETA program operators. To create an additional layer of bureaucracy over section 302 prime sponsors would make an already difficult situation intolerable.

In addition, giving State governments power over Indian tribal functions would be contrary to the special relationship between Indian people and the Federal Government.

We would suggest, therefore, that the act place emphasis on cooperation rather than enforced coordination between Indian and Native American prime sponsors and the States.

The last major area of concern relates to the language of the bill giving the Secretary the authority to reallocate funds. The Department of Labor is proposing a sweeping rule in section 108(A) which would give the Secretary the authority to transfer funds from any program under the act. Such reallocation authority should be limited to insure that funds appropriated for services to special target groups, including Native Americans are not used for other programs. Even though transfers of Indian funds into other programs might not be contemplated by the Department of Labor at this time, the reallocation authority should not permit even the possibility of a transfer.

We recommend that section 108(A) of the bill be changed to prohibit any reallocation of funds from any program expressly authorized by any other provision of the act.

We have highlighted the nature of the employment problems confronting native American communities and have indicated our major concerns with respect to the bill before the subcommittee. We would

like to submit for the record, within the next week, a summary of the progress which selected section 302 prime sponsors in the Western States have achieved through the CETA program. We would also like to submit for your consideraiton a detailed list of our recommendations for changes in the bill.

Thank you for the opportunity to testify on this matter. We would be happy to answer any of your questions on Native American CETA programs.

Thank you.

Senator NELSON. Thank you, Mr. Greymountain. You will have the additional statistics available for the record within 10 days?

Mr. GREYMOUNTAIN. Within 10 days, yes.

Senator NELSON. Mr. de la Cruz, do you have anything you would like to add to the testimony?

Mr. DE LA CRUZ. I do not have anything further to add. These areas come from areas working with CETA programs. Maybe a couple of them would like to make comments.

Mr. GREYMOUNTAIN. Mr. Chairman, I would like to make an additional comment. The reason that we chose to come here as we did, we represent programs serving many Native Americans in Alaska, Alaskan villages. We represent programs in urban areas of the Western States. I myself am working with urban groups in Arizona.

Mr. Jesse Fisher, who is regional chairperson for the Advisory Council of Prime Sponsors in Region 9, works with the Colorado River Indian Tribal CETA program.

We came together because CETA is the prime area resource for our communities, for our people these days. In many instances it is used to help develop and maintain economies. It is a very critical resource.

We felt it was important to come together as a group representing many people to show you how concerned we are over this piece of legislation.

Senator NELSON. We appreciate your coming and giving us the benefit of your viewpoint. You are correct, there are some special problems unique to Indian unemployment. The cyclical unemployment problem is not as applicable, particularly on reservations since it is long-term, chronic unemployment without much cycle, one way or the other which is the problem you face.

So we appreciate your taking the time to come.

Did you say, Mr. Greymountain, you are not working on reservations, you are working in the urban areas?

Mr. GREYMOUNTAIN. Section 302 does provide some CETA moneys for urban prime sponsors that serve Indian communities in urban areas.

Senator NELSON. Is that who you are working with?

Mr. GREYMOUNTAIN. That is who I am working with, yes, in the State of Arizona.

Senator NELSON. In the State, not on nationwide?

Mr. GREYMOUNTAIN. Just in the State of Arizona.

Mr. BLACK. Mr. Chairman, the basic thing I see in Alaska as our major problem is the misinformation about Alaska that has permeated the halls of Congress for a long period of time. I have heard Senators as well as House Members make comments that Alaskans are rich, they do not need all of this assistance any more. We have the highest level of unemployment in the country, surpassing that of Indian reser-

vations on occasion. We have the highest cost of living index in the country. We have a lot of transient people who came to Alaska to work on the pipeline who have stayed now and are on our unemployment rolls.

These matters have compounded the situation to the point where it becomes also a disaster area.

I would just like to clarify for the record that Alaska is not rich. Our people out there have the lowest income of anyone in the country, except for some specific pockets of poverty in Indian reservations in the Lower 48. This should be recognized.

Another thing that strikes us very strangely in the CETA program is that we are going to now have in Alaska one person coming in to assist Alaska in the CETA program. That person will be getting what we call cost of living allowance, because that person will be living in Alaska, which means that they will get their salary plus 25 percent cost of living allowance, which all Federal jobs in Alaska get as a matter of course, because of the high cost of living. But nowhere have we ever had that addressed in the CETA program for participants or for people who work in CETA programs in Alaska providing services.

This type of disparity or this type of injustice, this type of oversight certainly needs to be recognized also, needs to be taken care of. I would hope in some manner this committee would address that. It certainly leaves many people out of what we call a normal bureaucratic mainstream.

We have many people who have to have that type of job to live in Alaska, but they do not equal those other Federal jobs, because they do not get cost of living allowance, and it is a nontaxable portion, by the way. It is a significant amount of dollars per year.

Those are the points I most wanted to make and I thank you for your time.

Senator NELSON. Did you have anything to add?

Mr. REICHERT. I am Michael Reichert, chairman of region X CETA. I would briefly like to point out that unlike most cities, counties and States, and title I prime sponsors, Indian CETA programs are developing entire new social structure services on reservations and Indian communities. It is not expansion of an existing Government function. It is not replication of functions of the Government. For the first time in many Indian reservations, CETA is providing alcoholism counseling services, narcotics counseling services that were heretofore unapproached and unaddressed.

So in the light of the progress we have made, and I think our data will support us on this, I would like to point out that we would like the Senate to keep this in mind that these are whole new programs, which as I said, hertofore were never touched.

In closing, I would like to say that CETA has greatly impacted Indian life. It is a very good thing for us. The recommendations that we are proposing today are meant to make your programs and our programs more efficient. In that I will close. Thank you for the opportunity with CETA to serve these Indian people. All these people that you see are dedicated to that cause.

Senator NELSON. Thank you, Mr. Reichert.

Mr. GREYMOUNTAIN. You asked me if I was working with urban projects. In regard to 302 prime sponsors in the State of Arizona, we have 12. Of those 12, three of them are urban. I am working with

one of those projects. I am serving in the capacity of coordinator for all 12 of those prime sponsorships in the State of Arizona, and providing some staff assistance for the total region, which is like 26 prime sponsors for region IX.

Senator NELSON. Thank you.

Anyone else?

Thank you very much, gentlemen, for your very thoughtful presentation. We appreciate having the benefit of your views.

The next hearing will be March 6, 9 a.m. in this hearing room.

[Whereupon, at 12:16 p.m., the subcommittee recessed, to be reconvened at 9 a.m., Monday, March 6, 1978, in room 4232, Dirksen Senate Office Building.]

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

MONDAY, MARCH 6, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR OF THE
COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:05 a.m. in room 4232 Dirksen Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senators Nelson, Riegle, Javits, and Chafee.

Senator NELSON. The Senate Human Resources Subcommittee on Employment, Poverty, and Migratory Labor, now begins its fourth day of Washington hearings on the reauthorization of the Comprehensive Employment and Training Act.

Our witnesses include Senator Daniel K. Inouye; Governor Cliff Finch of Mississippi, representing the National Governors Association; Mayor Moon Landrieu of New Orleans, representing the U.S. Conference of Mayors; State Senator David Plawecki of Michigan, representing the National Conference of State Legislatures; William Welsh, Executive Director of Governmental Affairs, American Federation of State, County, and Municipal Employees; John V. N. Klein, County Executive, Suffolk County, N.Y., representing the National Association of Counties; and Mitchell Sviridoff, Vice President, Division of National Affairs, Ford Foundation.

We are pleased to welcome you here.

Our first witness is Governor Cliff Finch, Chairman of the Manpower Subcommittee of Human Resources, the National Governors Association.

The committee is pleased to have you here this morning, Governor. We appreciate your taking the time to represent the Governors Association.

Your statement will be printed in full in the record. You may present it however you desire.

If you would, for purposes of the reporter and the record, give us the names of your associates at the witness table.

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STATEMENT OF HON. CLIFF FINCH, GOVERNOR, STATE OF MISSISSIPPI, REPRESENTING THE NATIONAL GOVERNORS ASSOCIATION, ACCOMPANIED BY B. J. RUDMAN, ASSISTANT SECRETARY OF ECONOMIC AFFAIRS FOR MANPOWER DEVELOPMENT, COMMONWEALTH OF MASSACHUSETTS; AND JOAN L. WILLS, DIRECTOR, EMPLOYMENT AND VOCATIONAL TRAINING PROGRAM, NATIONAL GOVERNORS ASSOCIATION

Governor FINCH. Thank you, Mr. Chairman.

I would like to introduce at this time, representing Lieutenant Governor O'Neill of Massachusetts, Mr. B. J. Rudman, Assistant Secretary of Economic Affairs for Manpower Development, Commonwealth of Massachusetts; and here with me is Joan Wills, on my left, from the National Governors Association.

Today, sir, we do have proposed before you as requested a brief outline of the summary on the first page of the testimony for the Governors Association.

As you know, I serve as the chairman of the organization's subcommittee on employment and training.

Before I begin my portion of the testimony, I would like to point out to the committee and to you, Mr. Chairman, that basically, the four organizations—the National Governors Association, the Mayors, the League of Cities and the National Association of Counties—have all gotten together on some basic parts of this particular proposed CETA Act.

We have agreed to those, and they are part of the attached statement that we have to present to you today in full.

Also, on any questions that we felt there was any conflict at all, we did not present any of our proposals on this particular conflict between any of the associations. So anything that we agreed to in total, we did, and have attached to part of our testimony that will be made a part of the record.

Senator NELSON. Are each of the organizations submitting testimony, on those points on which you have differing views?

Governor FINCH. I am doing it for each of the organizations.

Senator NELSON. I see.

Governor FINCH. I believe it has been signed and made a part of this particular record.

I would also like to point out that there are basically two recommendations that we have agreed upon, really three, but primarily that all the organizations agree, Mr. Chairman, that we should rewrite the Wagner-Peyser legislation at the same time you are reviewing and rewriting CETA.

Second, the document supports the National Governors Association's recommendations to combine two separate sections of the draft CETA legislation, sections 105 and 110. These sections, of course, as you know, focus on the role of the Governor, and of course, the State employment and training council itself. We recommend those two be combined.

We would like to point out another area we recommend that has the full support of all the representatives of these organizations, that area wage rates within States should be allowed in contrast to the

maximum $10,000 that now exists. This recommendation simply recognizes the realities of the labor market in the individual States themselves. The remainder of my remarks will focus on association recommendations regarding the CETA legislation before you at this time.

You are already aware that a great deal of our work has been done jointly by representatives of the cities, counties, and States. I will give emphasis to those issues that we think are of particular importance to Governors at this time.

Mr. Chairman, as proposed in title I, we are pleased to note that this administration has attempted to organize the new legislation in such a fashion that provides those of us responsible for the administration of the program with one title which combines all the management issues.

We would urge you to take full advantage of the permissive language which supports the concept of advance funding for at least 2 to 5 years. This we feel as Governors is very important in planning for these particular CETA funds in the future.

Elected officials and program staff will then be able to not only implement CETA programs in a more rational manner, but the possibility of coordinating CETA programs with more economic development projects will become more realistic goals.

We would like to emphasize four major issues:

One: The proposed requirement, under section 101(d) for balance of State prime sponsors to make appropriate arrangements with subarea served by the State to assist in the effective planning and administration of comprehensive and employment training programs in such sub-areas is difficult to comprehend.

Ray Marshall is my friend, but I do not think he should have the unlimited authority by regulations to set up administrative structure for us. This authority should remain with the chief elected official of the State—the Governor.

Many States already have a planning mechanism which is divided into areas within the State making this requirement, as proposed by the administration, unnecessary, in our opinion.

The requirement to break down the administrative responsibilities to sub-State areas ignores the fact that in many rural areas in this country, this is totally unrealistic because there is not a sufficient population base to establish such administrative arrangements in any cost-effective manner.

To our knowledge, the administration has not conducted any systematic evaluation which would justify their rationale for this recommendation.

The National Governors Association is currently in the process of conducting a study regarding rural manpower programs. We will be glad to share with you the results of this study.

One of the reasons the study was launched was because we are aware that programs designed to meet the needs of an urban area, and the suggested language in the proposed legislation does not recognize sufficiently the rural areas as opposed to the urban areas.

In your letter to me, Mr. Chairman, you asked for observations as to whether the balance of State functions should be totally separated from the special grant responsibilities.

This should be left to the Governor's discretion. A survey conducted by NGA in 1976 showed that 39 States have separate identifiable staff performing the two distinct functions. In the other States, all small and often single-State prime sponsors, the planning responsibilities for both the Governor special grant and the prime sponsor activities are carried out by many of the same individuals, but I would suggest to you that such arrangements merely reflect appropriately the realities of rural States.

Two: The second point which we feel deserves emphasis is the portion of section 103 which requires a prime sponsor to develop a job search agreement with the State employment service agency and submit it to the Secretary prior to any funds being provided for services.

The word "Governor" is notably lacking in the reference for this section.

This is one more example of the Federal bureaucracy trying to dictate to both State and local governments what administrative arrangements are best for them. The administrative and paperwork nightmares which could result in this proposed arrangement will serve no one well.

If you want the State to be responsible for the initial intake of clients and to be the primary contact with the employers in our States, then say so, and give the Governors the responsibility for doing so.

Mr. Chairman, you specifically asked the association to provide you with observations about coordination between the employment security agencies and CETA prime sponsors. You have just heard me say the proposed language in the legislation apparently attempting to force such coordination is not the solution.

Let me explain in more detail why.

First, to be fair to the employment security agencies, it must be recognized that for all practical purposes, there has not been any increase in their funding in the past 13 years. I have been told that by various laws, Executive orders, and administrative mandates, the number of groups the employment service is supposed to give priority or special emphasis to is 17 specific groups of individuals.

Senators, it is impossible for 17 different segments of our population to have first priority for jobs, an insufficient number of jobs at that. CETA funds and other special agencies, such as vocational education, should be used to prepare people for jobs through increased training and education.

Another way to say this is CETA resources should be focused on the labor supply side of the equation.

The employment service on the other hand should focus most of its attention and resources on the second part of the equation, the labor demand side. As Governors, we need assistance at the State level to help new or expanding industries find qualified workers, help establish appropriate job specifications and help improve the quality of labor market information.

I recognize, Senator Nelson, this is just a brief highlight of the distinctions we think need to be made. The subcommittee which I chair for the Governors is currently reviewing various drafts of proposed legislation regarding the rewrite of the Wagner-Peyser legislation, and we will be most anxious to share the results of our joint recommendations with you in the next few weeks.

The third concern I would like to address is the role of the Governor under CETA and the State advisory council, which are sections 104, all of 105, and 110.

We are all aware that during the legislative debate, which created CETA in 1973, that one of the major issues was how to define the appropriate responsibilities of the State. Compromises were developed that we know can be improved upon today.

We do think it is indeed appropriate that prime sponsors submit their plans for review and approval at the State level in order to help achieve a more rational approach to tie all the programs together. That is definitely not the whole of our concern.

We have all learned much since the passage of CETA. We should take the opportunity during this legislative review to refine and clarify functions for each level of government. We do not think the Department of Labor's proposed language adequately refines and clarifies the role of Governors.

The National Governors Association has conducted two surveys since 1973 regarding State activities under CETA. In May of last year, the organization published "The Governor and CETA," a profile of special manpower grant activities. A set of observations and recommendations were contained in that report which bear your close examination. A copy of the basic conclusions from that report are a part of our attachment.

While the administration bill has accommodated some of our concerns—for example, assuring that a State receive a minimum base funding of at least $50,000 for council activities—there are many major proposals that give us reason for concern.

The functions that we believe essential for the State to perform include:

(A) Improved information on labor market conditions, identification of skills needed for the industries within the State, and knowledge of other non-CETA resources which are also available within the State to train our citizens. Such information is needed prior to the development of any local prime sponsor plan and obviously must be an ongoing activity.

(B) Yet another function must be the capacity to tie programs together with the obvious primary purpose to prevent overlap and duplication. This falls under the rubric of review and comment, evaluation of programs, and/or grant approval.

(C) The third activity the State needs to take the lead on is the publication of a comprehensive State employment and training plan. This should be a blueprint for action, not a document that lies on a shelf. Federal agencies as well as State and local program priorities should be a part of this plan.

(D) The fourth activity needs to be funding of special programs. We need to be able to provide employment and training services to individuals who are under the supervision of the State and/or provide such services to those particular segments of the population who are most effectively served on a statewide basis, such as the physically or mentally handicapped.

This is also true in the area of programs for the elderly and ex-offenders. Excellent opportunities for linkage or programs exist here where multifunding sources can complement each other.

The second reason we need State funding should be for projects that insure joint State and local prime sponsor programs within labor market areas with special emphasis on private-sector job development programs.

As you know, many employers hire their labor force from areas which are broader than a single prime sponsor jurisdiction; only the State can serve as the broker in such instances.

The third type of funding necessary for State-sponsored projects should focus on "glue money" to assure coordination of vocational-education related programs with that of CETA resources. Finally, we still need to be able to conduct reseach and demonstration programs, particularly in rural areas.

All States have participated in an NGA-sponsored survey detailing how the current 4-percent dollars are being used. 18 different categories of programs have been identified.

A summary of this study is attached; the total report will be sent to you within the next few weeks. I am sure you will find the information valuable and enlightenng and proof positive that flexible discretionary moneys are indeed used to enhance the total employment and training system within our country.

I want now to speak to you concerning the State advisory councils.

The administration's draft regarding membership composition can cause mathematical nightmares for starters. We question the need and purpose for establishing a one-fourth formula which would be composed of CETA prime sponsor membership, one-fourth for business and labor, one-fourth for an undefined client community, and one-fourth for an undefined set of service representatives.

Also, in essence, the proposed language would make a gubernatorial-appointed advisory council equal with a Governor. This is absurd. We want and need the advice of persons without our State. What the Department of Labor would do with another set of papers is beyond us, and is definitely not in the spirit of President Carter's commitment to reduce paperwork.

As an alternative, we would suggest that in a combined section 105 and 110 of the legislation words be included which say: "All functions under this section shall be accomplished by the Governor with the advice and consent of the State Employment and Training Council. . . ."

The detailed attachment, pages 2 through 4, contains specific legislative language we think is preferable to the proposed language. Only if these sections are combined can we hope to even establish the bare bones of a logical employment and training system in this Nation which accommodates the different needs of the sections of our country. Even in this proposed language, gaps will continue to exist. For example, due to varying Federal laws and regulations, a Governor's authority will still be limited. He/she, for example, only has signatory authority over HEW-funded title XX and adult basic education programs. ETA itself does not even communicate with a Governor regarding other ETA-administered programs, making the task even more difficult.

Before I move on to our next series of concerns, I will address a specific question you wished us to answer; that is, how much does it cost the State to monitor CETA programs?

The answer is, we do not know specifically, for a variety of reasons. One, the staff advisory council which has provided the technical analysis of the CETA program, has pointed out to us that one of the major problems with the current system is the lack of common understanding about legislative intent regarding the State monitoring mandate.

In some regions, the Department of Labor has interpreted such monitoring to mean almost the same as the Federal Government's compliance monitoring; in other regions, it has been interpreted to mean monitoring to eliminate overlap and duplication of services.

The staff advisory council has recommended that it be clearly understood that the State's review of local prime sponsors plan not duplicate the Federal Government's local compliance responsibilities. We think our proposed language which seeks to clarify the responsibilities of the Governor's role adequately address this problem.

In our attachment, beginning on page 10, there is a whole section regarding the retirement benefit issue developed by Governor Dixie Lee Ray and her staff; and I urge you to study the material carefully. The imposition of regulations has created extremely burdensome administrative and legal difficulties for prime sponsors. Current legislation, section 208(a)(4) is ambiguous and has led to various interpretations.

We offer this important amendment for your consideration:

In order that CETA funds be applied exclusively to contributions on behalf of participants to a state or local retirement plan which accrues to the benefit of CETA participants, prime sponsors may be only reimbursed with CETA resources in amounts equal to actuarially-determined of CETA participants.

Regarding title II, the joint document submitted by all the public interest groups for the most part covers adequately our concerns. That document deals with a wide variety of detailed issues but the sum of the parts strikes a note of caution. Do not overlegislate, which will further cause overregulation. The idea of establishing a title especially targeted to serve the structurally unemployed I heartily endorse.

Mr. Chairman, my No. 1 priority is to increase the income and decent job opportunities in our State. We have the lowest per capita income in the Nation. Our people need jobs but they also need education.

Actually, underemployment is a highly significant concern in my State. If we can address a mechanism for upgrading the underemployed, we simultaneously open the doors of opportunity for those unemployed with lesser capability.

We would hope that you would make room for an additional program activity which would allow nonprofit organizations to retain income generated by such organizations. Specific suggested language is in the supplement.

Many urban and rural self-help organizations, such as community development corporations and rural co-ops, could make significant contributions if they were allowed to plow money back into their organizational efforts and create even more jobs.

This suggestion is also based on a review of the DOL-supported work demonstrations which have taken the hard-core unemployed and successfully trained them and also generated income for their own growth.

It is my understanding the supported work demonstrations have been highly successful and we can find no logical reason not to incorporate permissive language in this title for prime sponsors to expand upon this program activity.

TITLE III

The National Governors Association policy states that the only programs which should be funded through this title are ones that are interstate in scope, such as migrants and Indians.

Problems of crosscutting geographical boundaries and serving populations uniquely affected by other Federal legislation, such as immigrants, clearly need to be addressed. A national program account is a reasonable way to help solve the problems of such individuals.

It is also most appropriate for the Secretary of Labor to have the legislative authority to conduct research and demonstration projects of national significance such as the proposed welfare reform demonstrations projects for next year.

Funds also need to be available to meet the emergency needs caused by natural disasters, unexpected plant closings and the like, which can never be anticipated at the local level.

All of the above-mentioned activities we think belong within the proposed title III.

What we object to is the listing of particular segments of our population such as offenders, single parents, older workers, et cetera. All of these catch words really translate into people; people who live in cities, towns, and villages to serve them within their local communities.

Facts do not indicate such individuals are better served by being a special nationally significant population. The contrary is true. They are perhaps ill served as a result of mentioning them.

For example, the Department has continued to reduce the amount of dollars for correctional employment and training program since 1974 from $3.7 million—small even then—to in 1977, only $250,000 for offender programs and less than $50,000 of that was for direct client services.

Another example of how the current language has generated a disservice to the client population and to the employment and training system as a whole is that they funded 1-year "National Programs for Selected Population" segments for $20 million in fiscal year 1976. The $20 million has come and gone. What has replaced those dollars for services to those clients? To our knowledge, none are available.

We recommend substantial increases of funds to the prime sponsors in title II, so they can serve more people in their home communities. This is the only fair and reasonable solution to such a disgrace.

We also want to note that for any projects funded through title III that States as well as any affected prime sponsor should have early notice of possible projects and sign-off authority over such grants. This is not a power play statement; the reverse is true. A part of the stated purpose of the legislation is to have a flexible coordinated and decentralized system of Federal, State, and local programs. The purpose of the act is violated without the involvement of the State and local powers in the system.

TITLE IV—YOUTH PROGRAMS

The combining of all but the Youth Conservation Corps into a single title is a step in the right direction.

We definitely hope that next year you will carefully review this entire title and consolidate most of the activities into the title II programs. Technical comments regarding this title are in the supplement.

I would now like to turn my attention to the proposed title VI, "Public Service Employment."

We applaud the purpose of having a permanent countercyclical program, triggered by both national and local unemployment rates. The on-again, off-again uncertainty of past funding has been a gross disservice.

We have a critical concern in addition to the ones already highlighted by the collective organizations. We need to be able to spend money, not only for wages, but for training. The statement of purpose says it is the intent to provide funds for jobs and related training but buried within the language of the bill prime sponsors are restricted to paying wages. In Mississippi and all other States, people need both a job and training.

TITLE VII—PRIVATE SECTOR OPPORTUNITIES FOR THE ECONOMICALLY DISADVANTAGED

Let me emphasize a critically important fact that seems to be ignored in the proposed legislation.

CETA alone does not provide resources to train people for jobs in the private sector. Vocational education funds, community college funds, all using State general revenue dollars, are used every day to train people for specific jobs in specific industries.

State apprenticeship councils exist just to do what the Department wants accomplished under this title.

Businessmen I know are tired of 15 different organizations knocking on their doors pedaling one more governmental program.

This title will not help solve that problem. Let us invest of time, energy and money wisely. Tie this program to other resources in our State, tie it to a program which attempts to target our collective resources to rural and urban distressed areas; rewrite Wagner-Peyser legislation giving Governors the flexibility we do not now have to match our economic development growth plans to job-training programs; help us create a piece of legislation which builds upon the local planning of prime sponsors in a bottom-up approach but do not ignore that the States are a part of the partnership. Ignoring this will assure failure.

My final point, Mr. Chairman, relates to money—of course, the most important part of any particular piece of legislation.

Increased funding for title II must have first priority. Funds under title II are totally insufficient. We are not even keeping pace with cost-of-living increases for these types of people. Fewer people being served is the result.

The proposed language regarding the role of the Governors' special responsibilities, even the antiquated language proposed by DOL, is totally insufficient.

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An absolute minimum of 15 percent funds needs to be allocated to Governors. Let me remind you the stated intent of the legislation is not only establishing a mechanism for State and local units of government to operate CETA-financed training and job opportunities, but to provide maximum feasible coordination of plans, programs and activities under this act with economic development, community development and related activities, such as vocational education, vocational rehabilitation, and social service programs. Let me remind you that the last three programs I just mentioned are State-operated, creating real linkages which are possible only at the State level.

There are particular parts of our population which must be served such as offenders that can best be served through State mechanisms. Earlier, I mentioned what the Department of Labor has not done to meet the apparent responsibilities they were charged with under title III funding for offenders.

Many States, even though severely limited by inadequate resources, have allocated 30 to 40 percent of their 4 percent funds, for offenders. In many instances, these funds have been supplemented by State dollars, LEAA, adult education, and vocational education dollars, but the demand for services exceeds the available resources.

I would like to speak to the NGA position, regarding the current vocational education set-aside.

The essence of the position says that the current language should be eliminated because the law and regulations have generated unneeded reams of paperwork. The position does not say that vocational education should not be deeply involved in the planning, programing, and evaluation of CETA programs. We think our proposed language for combining sections 105 and 110 addresses the broader needs of linkage of the two programs together; and we urge you to carefully consider our recommendations.

I stated to you in the beginning, I have come here today as a spokesman for the National Governors Association. May I now offer some thoughts as the Governor of the State of Mississippi?

During the past 12 months, we have become involved in rather major fashion with the Job Corps program. On December 7, 1977, we dedicated the first Job Corps center in all the history of the Job Corps which was established to serve only those who were residents of the State in which the facility was located.

It has been my privilege to observe a host of motivated youngsters who are enjoying the thrill of success for the first time in their lives. Because of what I have seen, I am convinced that the dollars the Department of Labor spends for Job Corps are well spent.

The private sector is where the jobs are. There is simply no reason for the unrealistic requirements for documentation of extraordinary costs which make it nearly impossible for participation in on-the-job training programs by many business firms, many of whom have the potential for ideal work sites. The massive bureaucratic "red tape" imposed by the legislation practically prevents the utilization of the private sector.

Finally, allow me to express a real concern about the treatment of veterans.

Please understand that I accept the universal contention that we owe our veterans a vast debt of gratitude. However, the quota of vet-

erans set by the Department of Labor for enrollment of veterans is totally unrealistic.

I agree that the veterans of our country should be given veterans' preference. The present requirements for meeting this quota results in numerous instances of "hobby training" of affluent retired former military officers. There is no justification for this practice and, hopefully, the Congress will address this matter in a sane and reasonable manner.

The CETA program has done much for my State, and I am sure for all the remaining 49 States. But it can be even more effective if we design the legislation in such a manner that allows us to do what we know ought to be done.

Thank you, Mr. Chairman, for the opportunity to share our concerns. I hope you understand that the Governors are very concerned about the outcome of your deliberations and its basic importance to the States and its people.

At this time, we would be glad to answer any questions, especially the staff, as to any details of these remarks.

Senator NELSON. Thank you very much, Governor Finch.

On page 5, of your testimony the first sentence states:

> We do think it is indeed appropriate that prime sponsors submit their plans for review and approval at the State level in order to help achieve a more rational approach to tie all the programs together.

Under current law, the prime sponsors' plans are presented for comment and then referred to regional office.

Governor FINCH. Yes.

Senator NELSON. Is this part of the testimony jointly agreed-upon?

Ms. WILLS. No.

Governor FINCH. May I let Joan answer that question?

Ms. WILLS. From the public-interest groups, when they got together and developed their joint positions, what they agreed upon was a combination of sections 105 and 110. They did not agree upon the one specific word "approval."

They clearly understand, in the context of the National Governors Association, the Government would prefer to have the word "approval." There is no question from the joint public-interest groups that review and comment is certainly appropriate at gubernatorial levels, and I think quite frankly the debate is how strong then that the State responsibility should be.

Senator NELSON. The position of the Governors Association is that prime sponsors' plans cannot be adopted unless, in fact, they were approved by the Governor?

Ms. WILLS. Senator Nelson, one of the problems we have found during the last 4 years of CETA, quite frankly, really relates to the problems between the State and Federal Government more so than between the State and local prime sponsor.

For example, during the 30-day review and comment period, in the first 2 years of CETA, the State services council, keeping in mind that they are an advisory group of volunteers, many States found they got volunteers together and went through a review and comment period only to find that the Federal Government had already approved the plan.

Frankly, it is a disservice to the people that you are asking to sit on the State employment and training council to go through that kind of exercise only to find out it did not make any difference anyway.

A crucial concern, which was noted later on, was that they thought the responsibilities of the States should be to prevent overlap and duplication and not assume responsibility of the Federal Government in terms of the monitoring, the compliance monitoring in the program, but to be able to pull the resources together is the focus that we are most concerned about.

Senator JAVITS. Would the Senator yield?

This has been something I have taken a great interest in. I think you are going to have to meet some criteria, of approval, because we have had experiences where States seek responsibility, and when they get it, they do not handle it. Hence, we have to either recapture it, or we break down. I know of nothing that will break us down in CETA more than delay and exercise of political muscle.

We talked about politics in CETA, and the Governor is a political officer—so is the mayor and so is a Senator, for that matter. This is a tricky one. I would appreciate any creative thought you wish to give as to how we can insure ourselves against these dangers.

I must tell you that I cannot see how you can do it with approval. I think you can give time, hearing, et cetera, but approval, that is a tough one for me.

Thank you, Mr. Chairman.

Ms. WILLS. If I may, one of the things of the staff advisory council that reviewed the proposed language of the legislation, and in our supplement where we delineate what we think are appropriate roles of the States, what we try to do is point out that there needs to clearly be criteria at the State level in the legislation, that would spell out exactly what those responsibilities are. Not just throwing in the word "approval" just for the sake of throwing in the word "approval."

So you do indeed have some criteria that would help show for example that in SMSA's where there are a multiple number of prime sponsors serving the same labor market area, utilizing the same training facilities, that indeed we are not, for example, overtraining.

Those are the kinds of detailed observations which could frankly be made at the State level. That is why we are trying to identify those responsibilities; for example, by identifying labor market conditions, skill shortages, et cetera, so there is indeed that criterion.

We also assume bottoms-up planning approaches with local sponsors. We also put in our suggested language suggesting the Governor with the active participation of the State Employment and Training Council, which is composed in part of prime sponsors, all be a part of that process, so that we accommodate that political concern.

Senator JAVITS. I am not necessarily satisfied, but I hear you.

Thank you, Mr. Chairman.

Senator RIEGLE. Mr. Chairman?

Senator NELSON. Mr Riegle.

Senator RIEGLE. In the administration proposal, the Department of Labor is proposing a $200 million welfare demonstration project in title III.

Are you familiar with that?

Ms. WILLS. Yes.

Senator RIEGLE. As you probably know, that is designed to create public service employment, but apparently, not training per se—I

mean, for about 50,000 ADC recipients. As I understand it, this is a 4-year project. I really have doubts about whether that makes sense. In other words, we are quite far down the road in dealing with the question of the various ways of trying to deal with structural unemployment.

To take that big chunk of money and devote it to that kind of program where we are going to be gathering data and information over a 4-year stretch, sounds to me like it is really off the point.

I wonder what reaction you have to it.

Ms. WILLS. Well, Senator, it is my understanding that——

Senator JAVITS. It is very hard to hear you.

Ms. WILLS. Senator, it is my understanding that the reason they have the 4-year period in there—and I am not sure my facts are totally correct—is that they don't plan for implementation, full implementation in any major welfare reform legislation to go into effect until 1981. In one respect, currently the proposal for administration is talking about approximately 10 billion dollars' worth of job-training programs directly attached to any welfare reform initiative, $250 million for some demonstration sites around the country that I can only speak personally at this point seems fairly reasonable in terms of scale.

Senator RIEGLE. Let me tell you what disturbs me about it.

In other words, if we are going to have another one-shot demonstration project on public service employment that is not specifically training oriented for hard-core unemployed, it sounds to me like a water-treading operation.

Ms. WILLS. It is my understanding, sir, that it is training and public service jobs both. It is also my understanding that one of the reasons they want to do the demonstrations is because there is not good linkage, quite frankly, in the employment and training system today between cash assistance and public assistance systems and that of employment and training.

I am rather sure that training is in there also.

Senator RIEGLE. In any event, the thing that concerns me is I want to get people who work in the private sector—government grows so fast—we cannot keep track of it anyway, and to running demonstration projects of this scale, $200 million, in terms of public service employment for the structurally unemployed really starts to strain at least my sense for what it is we are trying to do here. It is not as if we are starting from scratch.

We have been at this business for some time. I think we basically know how to train people if we are serious about it. It seems to me that this is a rather indirect route that I would much rather just start crosswiring people in training processes into the private sector and target out hard-core unemployment, so much the better. I think that is where the worst problem is. A $200 million demonstration project at this stage of the game, stringing out over a 4-year period, seems to me like a very large percentage investment in something that I think is questionable.

Mr. Chairman, before I yield, if I could say one other thing.

The Banking and Housing Committee is also holding hearings this morning, and we have Mrs. Harris, Secretary of HUD, coming in to lay out her proposals on national urban revitalization. Of course,

that is a much awaited presentation, and I am going to have to be to be there.

Mr. Chairman and members of the committee, we have a witness upcoming shortly, Senator Dave Plawecki, from Michigan, who is here to testify not just in behalf of the legislature of Michigan, but the National Conference of State Legislatures; and he is the chairman of the labor committee in Michigan and has an exceptional record in that capacity.

I want to recommend him to the committee and say that I am delighted that he is appearing, and I apologize that I will not be able to be here when he comes forward.

I will have some questions for him and I will want him to submit answers for the record.

I thank the Chairman.

Senator NELSON. Thank you.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

I would just like to ask Governor Finch, if I might, a couple of questions.

First, on page 14, you talk about the Jobs Corps program, which I think has a lot of appeal.

Now, in that particular Job Corps program, who actually runs the facility? Is it a private firm or is it the Federal Government?

Governor FINCH. It is a private firm, contracting through——

Senator CHAFEE. Through the Federal Government?

Governor FINCH. Right. And quite effective, as I said, and one that puts people to work faster than any other public funded training program and I have ever seen in the State—Federal or State money.

Senator CHAFEE. In the last part, you say "The private sector is where the jobs are. There is simply no reason for unrealistic requirements for documentation of extraordinary costs which make it impossible for participation in on-the-job programs." I thought we were trying to do that.

You are saying it is not working very well?

Governor FINCH. It is not working, and as I understand it, this is true in other States also. Basically, on-the-job training, in my opinion, is one of the better approaches of putting people into the private sector, even though in our State I was a little bit critical at the beginning of public employment, but I found for the first 3 months that our people went from the public sector into the private sector. We are finding there is almost no way to comply with on-the-job training. I would like for the gentleman from Massachusetts—I understand he has detailed information on this—if you would answer Senator Chafee on this point.

Mr. RUDMAN. I would like to reiterate the point, sir. It seems to me the key to success of any kind of training program is to get the private sector involved, get that private employer involved.

There are two essential factors here.

One is to train people for the jobs that exist and to meet the specifications of the employers; and, second, is to minimize, absolutely minimize, bureaucratic hassle for the employer.

Very often employers want to hire graduates of our training programs or participate in on-the-job training programs and are com-

pletely turned off because they have to deal with reams of paperwork. It is just not worth the investment of their time and energy and trouble to do that.

If we want to get the private sector involved in training programs, which I think is essential, we have to insulate them from all those requirements.

Senator JAVITS. Would the Senator yield?

Just a question of fact so you emphasize the right point.

The extraordinary expense doctrine is in the tax law. We have to amend the tax law, do we not, in order to facilitate what you are asking for?

Mr. RUDMAN. I am not that well versed on tax law, Senator. I know in terms of implementing on-the-job training programs under CETA that there are so many paper requirements put on the employer for purposes of compliance that it is not worth their time and trouble.

Senator JAVITS. Thank you, Senator.

Senator CHAFEE. It seems to me, Mr. Chairman, this is one of the real points we are trying to deal with in these hearings, is find out why there is so much paperwork in these on-the-job programs and getting private employers to take them.

Now, what is the paperwork that drives them away?

Ms. WILLS. Could I respond?

Senator CHAFEE. You can. It is hard to hear you for some reason, though.

Ms. WILLS. I think there are two parts to the answer.

One of them has evolved over the years in trying to define what is extraordinary cost—frankly, that is a judgment call by industry, which is indeed, I think, fact. The regulations currently are that no more than 50 percent of costs can be absorbed under what they call extraordinary extra training cost. It is very hard to define whether or not that be the case in a particular plant. There are perhaps some other kinds of language that could be inserted.

For example, one of the things you have under the Veterans' Administration program that has worked quite successfully for veterans, as a matter of fact, is over a 2-year period reducing the cost, for example—it really would not make any difference if you were talking about the first 6 months, the Federal Government paying, say, for example, 75 percent of the training cost, the next 6 months, 50 percent, 60 percent whatever the case may be, but in the Veterans Administration's model it is over a 2-year period, reducing that then to almost zero at the end of the last 6 months of that period. That has the effect of reducing indeed the paper cost; it has the effect of also training people for more complex jobs.

One of the interesting things that was pointed out in the Committee on Economic Development's proposal that I think our comment about programs for hard-core unemployed and—well, it is often overlooked when we are designing on-the-job training programs—is that over three-fourths of the industry in our Nation who are paying into social security have 500 employees or less. Almost two-thirds of those have 100 employees or less.

So indeed I think that there perhaps is a difference between the Fortune 500 with large training centers of their own; and it is my

understanding that over $40 billion of private money goes into training the work forces of those industries to begin with.

One of the things that we perhaps should look to is to work in concert with the smaller private sector firms, with 500 employees or less. They do not have the same training resources and facilities available as large industries do.

We can indeed develop intermediary organizations with public dollars, somewhat modeled after the National Alliance of Businessmen, though frankly I do not think that is the ultimate solution because it covers a few parts of our country, does not address the problems of rural areas.

Private sector involvement could be increased, I believe.

Senator CHAFEE. Is that not what the Job Corps centers are for?

Ms. WELLS. In part.

Senator CHAFEE. Let me ask one more question, Governor, if I might.

You have had some experience with public service employment. Do you think that it really trains the people for anything, or is it just getting some State and local work done on the Federal payroll?

Governor FINCH. We see in our State that they are actually trained. We do not put them on payrolls to give them a payroll, even though I think that is part of the design of the program, that we are able to get them on the payroll, but we also at the same time give the people who have never actually held a full-time job an opportunity to prove to their employer that they can hold a job and work full time. This is what we have found to be a real asset in the public fund jobs that are made available through title VI.

Senator CHAFEE. Are these make-work jobs, or jobs that are really helping to get things done? Could you give me a demonstration of where you use them?

Governor FINCH. These are not make-work jobs. These are jobs that actually accomplish particular programs within our State. We have jobs dealing with work in State government to assist in every department of our State.

For example, in the welfare department, we have developed a work—fair system of putting people to work—and of course, most of our jobs are contracted to subcontractors in our State, to the forest division, to the natural resources commission, to the game and fish commission. These people are actually performing a service to the State and community in which the service is being performed.

Senator CHAFEE. What happens at the end of the 18 months?

Governor FINCH. Fortunately, we have found that a third within 90 days have been transferred—I am talking about in my State now—transferred from the public; in other words, they started to work, for example, for natural resources and within 90 days they were working for a full-time private employer, which is a thing that ultimately we all seek to place into the private sector immediately. This, to me, was good.

We have not run an 18-month course training in our State. We feel Job Corps training, which is basically roughly 6 months to a year, that we found their—that they go, and we actually for those people, to the employers, in demanding that they be employed with them.

Senator CHAFEE. That is an extraordinary record. I do not imagine many communities or States could match anything similar to that. I do not know if it is because of the type of employment that you might have available from your lumber companies and so forth, which probably makes more ready pool of employers together——

Governor FINCH. It does. I think it is more structurally unemployed. This is what we are talking about needing additional funds for, and it gives us an opportunity to place people in work who would be otherwise drawing public assistance.

Senator JAVITS. Could I have 1 minute?

Senator Inouye is here. We wish very much to hear him. I hope he will forgive me, but I am called to the White House for the coal strike. But I have a little chore I would like to do; one, to thank Governor Finch and his colleagues for their testimony, and to ask unanimous consent to insert in the record at this point the excerpt from the laws and regulations dealing with this question of how private employers can deduct for tax purposes and qualifications for CETA on-the-job training and other training programs.

To me, I will tell you, Governor, and Ms. Wills, and associates, that I think there are two big things we can do in this bill.

One, target the money to where it really is needed and, two, provide the training. Those are the big things. I hope very much that with the efforts of all of us we are going to come out that way.

Second, Mr. Chairman, I would like to ask that these two introductions be placed at appropriate points in the record; first, John Klein, county executive of Suffolk County, one of the largest in New York, and one of our leading and most successful country executives, not only in our state but in the country; modern, progressive, and a great credit to our State. We take great pride in having him testify.

And, second, the last witness, Mitchell Sviridoff, one of our most distinguished New Yorkers, a top expert in the field of urbanism and a former high official of our city, will give us the benefit of his expertise for the Ford Foundation.

Thank you, Mr. Chairman.

Senator NELSON. Thank you, Senator Javits.

Thank you very much for your thoughtful and useful testimony, Governor. We will certainly use it and take your suggestions into consideration when we mark up the legislation.

Ms. WILLS. Just for the record, we would like to note we are inserting Lieutenant Governor O'Neill's testimony from the State of Massachusetts who, unfortunately, is in the hospital today.

Senator NELSON. That will be printed in the appropriate place in the record.

Thank you very much.

Governor FINCH. Thank you, Mr. Chairman.

[The prepared statement of Lt. Governor O'Neill with attachments follows:]

TESTIMONY OF LT. GOVERNOR THOMAS P. O'NEILL, III

BEFORE THE SENATE SUBCOMMITTEE ON
EMPLOYMENT, POVERTY AND MIGRATORY LABOR

MARCH 6, 1978

Mr. Chairman and members of the Committee, I am pleased to be here today. Creating jobs, and getting people to them, are very much in the forefront of legislative attention this year. Full employment, CETA, the jobs component of the Administration's welfare reform program, urban policy and balanced growth, and a growing interest in a review of the Wagner-Peyser Act all attest to the complexity and the importance of these issues.

The persistence of long term unemployment, especially in urban and rural areas, is perhaps the most critical problem facing this country. Being out of work temporarily can be troublesome; being out of work a year or longer can be devastating.

Congress first passed the Comprehensive Employment and Training Act to deal with this serious structural problem, yet the nation was soon beset with staggering levels of unemployment.

Congress met this challenge too and created additional public service jobs to put people back to work. CETA was there and was asked to deal with both problems. Before it had barely learned to walk, we asked it to run.

Today, we can conclude that CETA has performed well. The system is passing through an adolescence phase -- still developing, not without its shortcomings, but full of promise for the future. It will grow to maturity over the course of the next few years. We are here to help fashion and direct that growth.

We have a system now that works where it counts -- where people live.

We have a system that is able to cope with the problems of those without job skills or ready access to the labor market.

We have a system with the tools to offer people a chance to upgrade their skills and help prepare them for better jobs, a better income and a better life.

We have a system that can put skilled people to work when the economy heads into a tailspin.

And finally, we have a system ready to work alongside other programs to stimulate the economy.

With this system in place, and four years of experience behind us, we have seen how it performs, where it has fallen short, and most importantly, how it can work better in the future.

I would like to address three broad areas of the program: employability development services for the structurally unemployed; short term public service employment; and the role of governors in the CETA system.

Structurally Unemployed

Comprehensive employment and training services for the structurally unemployed, Title II of the Senate 2570, is really the backbone of CETA. It will be important when the economy is well along the road to sustained growth and unemployment levels have receded. These services should be targetted to the economically disadvantaged as the Administration has recommended. NGA also applauds the thrust of the legislation to emphasize training and skill development.

The set aside for upgrading and retraining is an important addition to the legislation. It attempts to help a person before they become an unemployment statistic. It will also help employers build a skilled workforce in the face of changing demands and new technologies. In short, this is one way to make the program more responsive to employers.

The real solution to unemployment clearly lies in the growth of the private sector. Government, through CETA, can provide temporary jobs during periods of high unemployment. It can provide training for skills in demand. But if these programs operate off to one side, apart from the regular main stream of job opportunities, the promise of CETA will be lost.

The real promise of CETA is its potential to act in concert with other economic forces to create regular jobs. CETA must not become a parallel employment program, idling along until the economy moves forward to take over. It must help the private sector create jobs and offer a steady supply of trained workers.

The NGA, therefore, is pleased with the expanded statement of purpose which encourages coordination with economic development, community development and related programs to strengthen our economy.

To shape the system in this direction, private sector employers must be involved in all phases of employability development — planning, design, implementation and evaluation. Employers must have an integral role in the CETA system if we are to train people for real jobs. The Administration has proposed a new Title called "Private Sector Opportunities for the Economically Disadvantaged." The outline of program activities and the Private Industry Council point us in

the right direction. However, this initiative and its potential for really bringing business into the guts of the system, is too critical to segregate into a separate title. It should be integrated into Title II. Instead of a separate Private Industry Council, the participation would be more valuable as part of the Prime Sponsor Planning Council apparatus.

The Administration proposes to retain the current Title I allocation formula. While the NGA has not taken a position, the Coalition of Northeastern Governors has adopted a policy statement calling for changes in the proposed formula.

Public service jobs for the structurally unemployed are now allocated based on "excess unemployment." The absence of this factor in Title II is unwarranted. In better times private industry can be expected to play a larger role, on its own, in offering training and job opportunities to the long term unemployed. Opportunities in an area blessed with an unemployment of 2 or 3 percent are hardly comparable to those in an urban or rural area struggling under a 7 or 8 percent rate.

The local economy can do more on its own in the former case, while the latter needs more government resources. Using excess unemployment is a better way to target funds to areas in greatest need, especially urban areas.

The formula also allocates 12.5 percent of the funds based on the relative number of persons below the low income level. While the low income measure is better than others, any nationally uniform figure is bound to be arbitrary. A given income level is not the same throughout. It does not have the same purchasing power throughout the country and, therefore, does not accurately reflect economic disadvantage.

While I recognize the difficulty in developing accurate cost of living measures, for this program, each state's relative share of public assistance caseloads is a reasonable substitute.

The formula in Senator Javits' bill is preferable.

Public Service Employment

In response to the recession, most of the attention has been focused on how many jobs can be created and how quickly can they be filled. Our first priority has been putting people to work. Less attention has thus far been given to what happens when a person's time is up? Where do they go and how do they get there?

The Department of Labor performance indicators for fiscal

1977 illustrate the picture quite well. In Title II and VI, nationally the number of enrollees exceeded planning targets. Our own experience in Massachusetts is similar. Yet the number of those entering regular jobs after CETA is troublesome.

In Title II, enrollees finding jobs ranged from 13 to 20 percent of those who left the program. The Title VI number is somewhat better, around 35% found a job after leaving CETA.

This is not the fault of the program. The system did what it was asked to do. In fact, for both Titles, the number of placement after CETA exceeded the planned placement rate.

The stress of start up efforts and earnest enrollment programs have reached their peak. The Administration's proposal gears authorization levels for the future to unemployment so the economy is neither flooded with a surplus of slots nor caught with a shortage. It removes the need for Congressional action each time unemployment dips or soars.

We can soon expect a new push to find regular jobs for those now on board. The Administration's bill recognizes the need to beef up our job search and placement assistance effort and it should be supported. I would like to add a word of caution. The bill encourages, as it should, links between the Employment Service and CETA. While the two agencies should work closely together, they cannot be force fit. The Wagner-Peyser Act has not been reviewed for a long time. Adding new dimensions to the Employment Service should not proceed piecemeal and the National Governor's Association urges a thorough review of the Wagner-Peyser Act.

The program also needs a stronger evaluation component, not to cast criticism, but to gauge the effectiveness of the services and to develop those parts of the system that work best. We need to know how many find and maintain regular jobs after leaving CETA. We need to know how they found them and whether the services they received through CETA were useful. I would support efforts to provide prime sponsors with incentives to look at themselves and their services, to find out which training programs work and which do not.

Public service employment has served a worthwhile purpose. People have found work in jobs that needed doing. The rapid hiring has shown the system responds. The expansion has had other consequences, however, that haven't been easily resolved.

First, Title VI was never intended as a form of revenue sharing for state and local governments. Yet cities have gradually seen more of their workforce paid through CETA. Labor unions, on the other hand, have questioned whether local governments are substituting CETA staff for work normally done by city employees.

Local governments need support to maintain services during bad economic times. As long as this need continues it should be met through countercyclical revenue sharing programs, not CETA which

should remain an employment and training program for those out of work.

Congress addressed part of this dilemma by adopting a project approach. It has worked well in Massachusetts and should be continued. It facilitates the distinction between regular municipal activities and CETA activities. In Massachusetts it has enabled CETA officials and union leaders to screen out work that would normally be done by contract through regular bidding procedures.

The project approach has helped to ensure maintenance of effort. It enabled us to fund jobs that produce a tangible benefit to the community. Projects could be improved even further by allowing a greater percentage of funds for direct supervision, supplies and equipment. Any increase should be available expressly for administration of the project itself.

The most intriguing aspect of PSE projects is their potential for stimulating self-sustaining jobs. Under clearly delineated conditions, projects might generate permanent jobs if allowed to retain and re-invest income. The bill allows retention of project income, and it has our enthusiastic support.

Projects have another advantage. They have a time limit. The limit reduces municipal reliance on CETA to maintain their regular services. It keeps pressure on the system, and the clients themselves, to seek regular employment.

The Administration bill limits individual participation in the program to "78 weeks within a five year period." This seems a bit harsh in a tight economy. Instead, a person could be excluded from re-entering the program for 12 or perhaps 18 months.

A few points need to be made about eligibility. Two basic factors are used -- income and length of unemployment. Moving along each continuum affects who is eligible and when. Too short a durational requirement in Title VI may undermine private sector job search efforts, yet too long a period has it problems too. Who is economically disadvantaged depends more on the accountable period and the percentage of lower level budget factor than a person's real financial condition.

Title VI, while it serves those who are economically disadvantaged, is still different from Title II. It has a different purpose and serves different people. Raising the income gap from 70 percent of the lower level budget to 100 percent still serves low income persons who have skills but simply can't find work. If their problems were more severe, presumably they would be served by Title II. Setting a 70 percent limit screens out too many people for the intent of this Title.

I also think the durational requirement should be used to help screen out those who really do not need the program. But this varies from area to area depending upon unemployment levels and the number of new jobs. On the one hand you want to give the labor exchange process time to work, and a five week period may be too short. Yet in areas of high unemployment too long a period won't work well if the jobs just aren't available.

Role of the Governor

The final area I want to address is the role of governors. There is no question that Congress has developed an effective, locally-based delivery system. A more active role for governors is consistent with the concept of local decision making and delivery and, in fact, can strengthen the program.

First, the policies and activities of state agencies provided by the delivery of employment and training services provided by prime sponsors. Only the governor is in a position to shape vocational education, rehabilitation, employment service activities, public welfare functions and other related programs to complement services offered by prime sponsors. The governor is in a position to make sure agencies work and are working together.

Second, this array of programs, including CETA, should operate in a context that is consistent with other federal, state and local efforts to foster economic development and thereby create jobs. Governors should have sufficient resources under CETA to assist in the formulation of an overall economic growth policy. This policy, and data supporting it, would be helpful to prime sponsors who are interested in developing their programs as part of a larger economic development strategy. CETA and federal efforts to create jobs through Community Development Block Grants, HUD housing programs, and projects funded under the Economic Development Act should encourage joint funding of projects in this context.

CETA is also designed to address problems of a statewide nature such as services to offenders or others in the care of state agencies. Governors must have the resources under CETA to carry out these responsibilities.

Finally, the quality of CETA and other employment and training programs can be improved through the provision of accurate and useful labor market information, the evaluation of ongoing programs to identify effective models, and the testing of new approaches to employment problems. The activities described in the "Governor's Coordination and Special Services Plan" will help strengthen the system.

It is important that sufficient resources be made available to governors to achieve the goals of the program. I recommend that 15 percent of the funds available under Title II, after allocations are made to prime sponsors, be allocated to the governors. A portion of these funds should be used to staff State Employment and Training Councils. This body has a useful role to play in advising the governor on employment and training policies.

However, I am opposed to funding an independent staff for the Council. This would result in an adversary role between the governor and the Council, or it would severely undercut the influence of the Council. Either situation is detrimental to the operation of the program. Staff support for the Council should come from a 15 percent governor's grant.

Mr. Chairman, your Committee can take pride in the performance of CETA thus far. And I look forward to its continued growth and success in the future.

Thank you.

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Allocation Formula

Existing

Title I: 50% weight on prior year's allocation
37 1/2% weight on unemployment
12 1/2% weight on low income

Title II: only to areas with unemployment above 6.5%

Title VI: 50% weight on unemployment
25% weight on unemployment over 4.5%
25% weight on unemployment over 6.5%

State Position

A rate-based unemployment factor must be included in the allocation formula for the structural Title, Title II. Also, states should be given the option of counting their AFDC/GR population as an alternative to their low income population.

We support Senator Javits' formula:

37 1/2% weight on unemployment
37 1/2% weight on unemployment over 4.5%
25% weight on relative number of low income persons or AFDC/GR

Rationale

- When Titles I and II were first enacted, the national unemployment rate was 4.5%, and the allocation formula was designed to achieve broad participation of people and localities. Even then, however, the Congress recognized that high rates of unemployment severely aggravate structural unemployment, particularly in our older cities, and thus Congress addressed particular attention to this issue by allocating Title II funds on the basis of severity of unemployment. As our national unemployment rate has increased, the need to target funds to those areas hardest hit by unemployment has become even more urgent. Excessive diffusion of federal funds can be avoided by retaining the rate-based criterion in the structural Title.

- Allowing prime sponsors to count their AFDC/GR population as an alternative to the low income population will enhance the fairness of the allocation formula, since currently the low income figures do not take into account regional variations in the cost of living. One national poverty level penalizes those areas, particularly our older urban areas, where food and housing costs are high, and penalizes also those states which provide high support to their welfare population.

- These changes in the allocation formula would ensure that CETA is consistent with the President's urban and regional policy proposals.

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MASSACHUSETTS CETA REWRITE POSITION

ISSUE - Defining eligibility for services under Title II by employment status of the previous 6 months

EXISTING SITUATION

Regulations targeted CETA training and transitional employment to: Economically disadvantaged (70% of the Bureau of Labor Statistics lower living standard income level or below the OMB poverty level) or unemployed or underemployed.

STATE POSITION

We urge the Congress to adopt the language in Section 213 amended as follows:

"SEC. 213. A person shall be eligible to participate in a program receiving financial assistance under this title only if such person is either unemployed or underemployed [and a previous 6 months income less than 70% of the Bureau of Labor Statistics lower living standard income level.]

RATIONALE

- Targeting the eligibility for Title II to applicants earning less than 70% of the BLS lower living standard income level will:

  a) assure greater targeting to those in need;

  b) allow for some regional differentiation in eligibility.

- Using the OMB poverty level does not take into account cost of living differences between regions. The BLS levels do account for these differences to some extent.

- Using an income calculated on the basis of the past 6 months assures that services reach those most in need. The current practice of using the last three months earnings allows people of higher income levels to have greater access to CETA.

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: ELIGIBILITY FOR TITLE VI PUBLIC SERVICE EMPLOYMENT PROGRAM

EXISTING ELIGIBILITY

Under the existing legislation, eligibility is limited to economically disadvantaged and/persons unemployed during 15 of the 20 weeks prior to application.

STATE POSITION

Eligibility should be 100% of the of the Bureau of Labor Statistics lower level based on the last 12 calendar months and unemployed for 15 of the past 20 weeks.

Section 607A of the draft should be modified to read:

"SEC. 607(a) An individual who is employed in a position financed under this title shall be a person--

"(1) who has a 6 month average income less than the BLS lower living standard income level;

"(2) except for those who are members of families receiving cash welfare payments under a Federal, State, or local welfare program, has been unemployed for at least 15 of the last 20 weeks.

RATIONALE

- The use of the CMS poverty level does not take into account regional differences in the cost of living
- The eligibility level of 100% of the BLS will allow the legislation to serve a larger pool of the cyclically unemployed.
- With regard to the duration of unemployment, duration should be fixed, at a level which allows sufficient opportunity for independent job search. Since the average duration of UI claims is approximately 13 weeks, 15 weeks should appear to be an appropriate criterion.

1175

1185

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Establishing a 78 week limit on enrollment in public service employment while modifying the 5 year eligibility restriction.

Existing

There is no limit on enrollment in Public Service Employment, other than that which is determined by individual Prime Sponsors. The 12 month limitation on CETA PSE Projects has a significant bearing on length of enrollment.

The Administration's CETA reauthorization bill calls for a limit of 78 weeks of PSE employment during any five year period. The 12 month limitation on projects is retained.

State Position

1. Enrollment in CETA PSE should be limited to 78 weeks; when the 78 weeks expires, the participant should be terminated from PSE and should not be eligible for future participation for a period of 12 months.

2. Concurrent with the above, the duration of Title VI projects should be expanded from the present 12 month limitation to an eighteen month limitation.

3. The legislation should make clear, however, that individual prime sponsors may choose a limitation shorter than 78 weeks if local conditions dictate.

Rationale

- To preserve the transitional nature of CETA, to encourage individual job search, and to assure maintenance of effort, we strongly support the CETA reauthorization bill's 78 week limit on PSE.

- However, the legislation's limit of 78 weeks eligibility in a given five year period is administratively awkward due to increased record keeping and inflexible in the case of a local or national economic downturn. People might be in need of CETA PSE before the five year eligibility period is over through no fault of their own.

- A limit of 6 to 18 months would accomplish the same purpose, allowing for greater flexibility to respond to local labor market conditions.

- Expanding the length of project duration to eighteen months is consistent with recommendation 1 in that, for administrative and programmatic purposes, participant enrollment and project duration should be coterminous. In addition, increasing the length of project duration would increase the possibility of creating self-sustaining CETA projects.

- Prime Sponsors who have already placed a 1-year limitation on PSE should be encouraged to maintain this more stringent limit, so that maintenance of effort problems can be avoided.

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Providing training for stable, higher-wage jobs

Existing legislation	State Position	Rationale
The existing CETA regulations require that training be designed for occupations where skill shortages exist and that the resulting employment provide economic self-sufficiency	The legislation should include language emphasizing stable higher wage employment. Sec. 121 (1)(4) of the Administration's bill should be amended to read: No person shall be referred for training unless there is a reasonable expectation of stable higher-wage employment in the occupation for which such person is being trained.	- Increasing attention is being focused on the need to serve the economically disadvantaged, and underemployed. Often they are limited to a series of low wage, high turnover employment opportunities. It makes no sense to train for jobs which pay low wages, offer little opportunity for advancement and offer low employment stability. - While we feel the legislation should contain such a direction we realize that stable, higher wage employment is an undefined concept. Consistent with the legislation's statement of purpose, its presence in the legislation strengthens the direction in which training programs should be moving.

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MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Strengthening of Private Sector Job Initiatives

Existing	State Position	Rationale
Under the existing CETA legislation, all private sector initiatives are included under Title I.	I. The proposed Title VII in the Administration's proposed CETA reauthorization should be reincorporated under Title II.	- We firmly support the Administration's direction in supporting private sector initiatives. However: - a separate title increases categorization which is contrary to CETA's intent - a separate title defeats goals of local flexibility on determining local training needs and priorities - services under proposed Title II and VII involve duplication and, depending on delivery arrangements, could lead to competition within CETA itself rather than prove effective coordination.
In the Administration's CETA reauthorization bill general private sector initiatives are included in proposed Title II. A separate proposed Title VII establishes programs designed to place young adults and other economically disadvantaged individuals who face special difficulties in entering the labor market in jobs in the private sector of the economy, including arrangements for on-the-job training with private for-profit employers (Sec. 702).	II. Certain aspects of Title VII should be preserved, especially: a. The intent of increased involvement of the private sector in the development of training programs; b. The promotion and marketing of model contracts and tax incentives (Sec. 704(7),(8));	- The increased emphasis on planning forces greater attention to involving the private sector. - The existence of CETA programs does not assure private sector involvement. More attention needs to be placed on informing the private sector of CETA's availability.
Proposed Title VII mandates establishment of a Private Industry Council and submission of a program supplement describing proposed initiatives. Program activities shall include on-the-job training and may include a list of nine other activities.		

ISSUE: Strengthening of Private Sector Job Initiatives
(continued)

Existing	State Position	Rationale
	III. We strongly oppose the creation of the Private Industry Council (Sec. 704).	- It is important that all of CETA have private sector involvement. This Council is a needless duplication of Prime Sponsor Planning Council functions. Also, its most serious danger is that it will de-emphasize the need for private sector involvement on the Planning Council.

MASSACHUSETTS CETA RE-WRITE POSITIO

ISSUE: Program Income

Existing Situation:

Existing legislation does not deal with this issue.

Existing regulations require that any income generated must be used for the same purpose as the original grant or returned to the prime sponsor. This is in accordance with FMC 74-7. (Section 19.19(a) of the regulations)

Position:

We enthusiastically support Sec. 123(1) whic' states: "Pursuant to regulations of the Secretary, income generated under any program may be retained by the recipient to continue to carry out the program, notwithstanding the expiration of financial assistance for that program."

The program income section should also explicitly recognize that the production of tangible goods which fulfill public service needs is a permissible activity from which program income may be generated.

The regs should include safeguards to guard against competition with private business and displacement of existing workers, and to ensure the non-profit, public service nature of income-generating projects which produce goods and services.

Rationale:

One of CETA's primary goals is to facilitate participants' transition to unsubsidized jobs. Community-based non-profit enterprises could create permanent jobs for CETA participants if they were permitted to generate income from public service activities which produce marketable goods and services, and reinvest the income in equipment, materials, and operating expenses. Many CBO's are already operating PSE projects which could create permanent, unsubsidized jobs if the projects were allowed to generate, retain, and reinvest income.

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MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Strengthening CETA's Language against discrimination by race and sex

Existing	State Position	Rationale
The Administration's CETA reauthorization bill calls for: - programs to combat sex-stereotyping Sec. 121 (i) - The Secretary having the right to request participant and staff characteristics broken down according to race, sex, national origin, handicap, educational level and previous wage and employment experience (sec. 128)	1. A new section should be added as follows: Participants in programs funded under this act shall reflect the client population in race and sex. In the case where the participants do not reflect the composition of the client population, the prime sponsor or program agent shall prepare a specific timetable for achieving this objective. This timetable must be approved by the Prime Sponsor Planning Council and the State Employment and Training Council. 2. The following language should be added to Sec. 128 of the Act: The Secretary shall require Prime Sponsors to prepare and make available to the public annual reports on participant and staff characteristics broken down by race and sex.	As a publicly funded employment and training program, CETA can play a leading role in reducing discrimination by race and sex. This direction and intent should be clearly mandated by Congress. The collection of data is primary to the achievement of these affirmative action goals. Without adequate statistics it is impossible to evaluate the performance of programs in achieving appropriate balance with regard to race and sex.

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MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Assuring adequate administration of CETA PSE projects.

Existing

The existing legislation requires that not less than 85% of the funds allocated in accordance with the provisions of this title be expended for wages and employment benefits. The remainder of such funds may be used for administrative costs, including rental costs and to obtain the necessary supplies, equipment and materials.

State Position

20% of the PSE Title VI funds should be available for administration with assurances that fifteen percent of this money is available for the project itself. Specifically, the Financial Assistance Section 603.(b) should read:

(1) Not less than 80 per centum of the funds allocated in accordance with the provisions of this title which are used by a prime sponsor for public service employment programs under this title shall be expended only for wages and employment benefits to persons employed in public service jobs pursuant to this title.

(2) Of the remaining 20%, not more than 25% may be used by the prime sponsor and its program agents. The remaining funds must be available for the projects.

(3) In filling teaching positions in elementary and secondary schools with financial assistance under this title, each prime sponsor shall give special consideration to unemployed persons with previous teaching experience who are certified by the State in which that prime sponsor is located and who are otherwise eligible under the provisions of this title.

Rationale

- The statement of purpose of the CETA legislation stresses the need to establish a flexible, coordinated, decentralized system of training and other services that lead to maximum employment opportunities and enhance self-sufficiency. Success in achieving this goal has been limited by the lack of funds for adequate supervision and support at the project level.
- The current 15% limit on administrative costs under the Act is low considering that this set-aside must cover: the administrative costs of the prime sponsor and its program agents; the hiring of non-CETA supervision at the project level; and any work-related costs such as travel, telephones, materials and supplies that project participants might have.
- The lack of adequate administrative funds is most acute at the project level. While some projects can provide in-kind contributions to cover administration, equipment and support, this is not always the case.
  (a) New and community-based projects do not always have other sources of funds to draw upon. This creates a bias toward better financed service deliverers.
  (b) CETA projects come on line, are approved and the funds distributed within a very short lead time. Those agencies which do have other resources have difficulty including the uncertain prospect of a CETA project within an annual work plan.
- It is important that the legislation provide a strong direction that this administrative support be available at the project level. A precedent for this was established in the regulations of YCCIP of the Youth Employment and Training Act. (paragraph 97.631)

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MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: The evaluation of program performance on the basis of program goals and objectives.

Existing

There is no relevant language in the current legislation. The Department of Labor monitors cost per placement, placement rate, and compliance with assurances and certifications.

State Position

We strongly urge the adoption of the language which is presented in Section 313 of the Administration's 1/23/78 Draft legislation with Section 313.(a) as follows:

Section 313.(a) The Secretary shall provide for the continuing evaluation of all programs and activities conducted pursuant to this Act. This evaluation shall include the effectiveness of the programs' performance in relation to the programs' goals & objectives as stated in the plan, their cost in relation to their effectiveness in achieving the purposes of this Act, their impact on communities and participants, their implication for related programs, the extent to which they meet the needs of persons of various ages, and the adequacy of the mechanism for the delivery of services. In conducting the evaluations called for by this subsection the Secretary shall compare the effectiveness of programs conducted by prime sponsors of the same class, of different classes, and shall compare the effectiveness of programs conducted by prime sponsors with similar programs carried out by the Secretary under the Act. The Secretary shall also arrange for obtaining the opinions of participants about the strengths and weaknesses of the programs.

Rationale

- We must constantly assess the effectiveness and efficiency of manpower programs to ensure that the training strategies and service providers are meeting the employment and training related needs of unemployed and underemployed people. Evaluation of program performance in light of program goals and objectives and comparisons of program performance across prime sponsor areas and training strategies provides such a mechanism.

- In Employment and Training in Massachusetts: Agenda for Action; the State's employment and training policy, we call for the development to the greatest extent possible of a uniform system-wide evaluation process measuring each program's contribution to long-term employability. The language of the Administration's Draft is a major step toward this goal.

- Many programs are designed to provide services which do not lead to job placement or increased earned income. These include counseling on job search and personal ability recognition, career planning, youth work experience and others. It is important to measure the program's effectiveness against its own objectives during the evaluation process.

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Role of the Governor

Existing

In Massachusetts, 1%, 4% and 5% of Title I money is directed through the Governor, to the State Manpower Services Council staff. The 5% allocation is administered through a tri-partite agreement between the SMSC, the Division of Occupational Education, and Prime Sponsors.

State Position

Ten percent of the training title, Title II, should go to the Governor. This is a significant departure from the DOL position of 1/22/78, which calls for the former 5% money to go directly to prime sponsors. It is our recommendation that 5% monies should be controlled by the Governor, as 4% monies are, where they can be used to provide technical and other assistance to prime sponsors and other employment and training agencies.

In addition to the coordinating and informational functions assigned to the Governor in Sec. 105, coordination of CETA with other state employment and training programs and with economic and community development efforts would be greatly enhanced by explicitly assigning to the Governor the responsibility for approval of prime sponsor plans. Sec.104(a)(1)(A) should read: "the Governor for his approval."

To maintain the decentralized nature of CETA, and the concept of a locally-based delivery system, Sections 102 and 108 should be re-written. If, in the opinion of the Secretary, a prime sponsor is not performing adequately, the Secretary should look to the next level of government before assuming responsibility for service delivery himself. Sec. 102 should read: "In any area for which no prime sponsor has been designated under Section 101(c), or where the Secretary has taken an action under Section 104(c) or Section 106 which results in employment and training services not being provided in such area, the Secretary shall use funds allocated to such prime sponsor to make payments to the prime sponsor designated in Sec. 101(a)(1) as if that were the prime sponsor for that area."

Rationale

1. State Governments should be given the flexibility and the resources to ensure that a truly comprehensive service delivery system is developed among the myriad of Federal, State and local employment and training programs. This can be accomplished by:
   - developing model programs and disseminating them throughout the State's employment and training system;
   - providing financial incentives to encourage linkages among employment and training agencies; and
   - providing technical assistance and other support to local CETA program operators.
2. State Governments should be given greater opportunity to ensure that statewide policies and priorities are reflected in CETA funded activities, especially those which could enhance the State's on-going social and economic development objectives.
3. CETA's decentralization is based on the premise that needs and goals are best determined at the local level. If, however, the local level is incapable of carrying out CETA's mandate, it is more logical to proceed to the next level of government rather than leap-frogging to the federal level.

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ISSUE: ROLE OF THE GOVERNOR (continued)

Existing	State Position	Rationale
	If the Secretary determines that money must be re-allocated, the action should be based on the recommendation of the Governor, formulated with the advice of the State Employment and Training Council. Sec. 106(b)(3) should read: "In re-allocating any such funds, the Secretary shall base his decision on the recommendation of the Governor, formulated with the advice of the State Employment and Training Council, and shall give priority to other prime sponsor areas within the same State and then to prime sponsor areas within other States".	

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: The provision of professional, technical and clerical staff to the State Employment and Training Council (SETC).

Existing Situation:

The current legislation calls for the State Manpower Services Council to be appropriately staffed and serviced by the Prime Sponsor.

The Administration's CETA reauthorization bill calls for the SETC and the PSPC's to have independent staffs.

State Position:

While we support the direction of the administration's CETA legislation draft, that the SETC should have a professional, technical and clerical staff; we feel strongly that this staff should be provided by and accountable to the Governor.

Specifically, we believe that Sec. 110(a) of the draft legislation should be modified to read:
The Council shall be appointed by the Governor who shall designate one member* to be chairperson and shall fund a professional technical and clerical staff to the council.

- Similarly, the Prime Sponsor Planning Council should also be provided with professional, technical and clerical staff accountable to the Prime Sponsor.

Rationale:

The Council is an advisory body. The final decision on state Employment and Training issues rests with the Governor. While it is important that the SETC have its own staff, the independence of this staff could create an adversary relationship between the SETC and the Governor. For the SETC to be an effective advisory body, this would not be useful.

- We in Massachusetts have adopted this model with great success. The SMSC has a staff of over forty-five professional, technical, and clerical personnel. The staff, while directly serving the Council, is part of the Governor's Executive Office of Economic Affairs, Department of Manpower Development. The confidence and close working relationship afforded the SMSC and the Governor has led to the SMSC being described by the Governor as his chief employment and training advisory body. The Governor has also adopted the State Manpower Services Council's Employment and Training in Massachusetts: Agenda for Action as his overall policy document for employment and training.

- The same issues are relevant for the Prime Sponsor Planning Councils.

MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: SMSC Make-Up

Existing	State Position	Rationale
Council shall be comprised of: 1/3 representatives of local government units (Prime Sponsors) representatives of State board of vocational education, employment service, organized labor, private sector, other State agencies, State Advisory Council on Vocational Technical Education, community-based organizations, general public. (Massachusetts State Manpower Services Council has mandated, by unanimous vote, slots to Secretary of Human Services and Secretary of Educational Affairs.) Governor shall appoint one member as Chairperson.	We support the recommendation that Prime Sponsors should make up 1/4 of the Council. Other segments should not be assigned percentages. 110 3 (d) (vi) should be added as follows: The composition of the Council should reflect the sex, racial, ethnic and geographic make-up of the State. Governor should retain discretion in naming of any member as Chairperson.	- There exists a critical need for flexibility in Council composition so that issues of sex, ethnic background and statewide geographical make-up, as well as employment and training sectors, can be addressed. Setting rigid parameters regarding employment and training sectors could seriously hinder efforts at arriving at a Council which accurately erflects the citizenry of the State. - A Council make-up which reflects a sex, race, ethnic and geographical balance will assure representation of the respective client groups.

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MASSACHUSETTS CETA RE-WRITE POSITION

ISSUE: Encourage housing rehabilitation, repair and deleading within CETA.

Existing

The existing legislation expressly authorizes the employment of CETA participants in weatherization projects which benefit families of the near-poor (up to 125% of poverty level).

State Position

Section 123(c) of the DOL draft should be expanded to read: "...Notwithstanding any other provisions of law, employment and training services furnished under this Act in connection with weatherization, repair, rehabilitation and deleading projects may include work on such projects for dwellings owned or occupied by the near-poor..."

Rationale

- The recommended changes are intended to clarify that winterization activities may be conducted on housing units rented by the poor and near-poor as well as those owned by the poor and near-poor. The nation's near-poor, particularly in urban areas, live primarily in rented units. If the CETA weatherization activities authorized by Congress in 1976 are to reach the target population, it is necessary that these activities be expressly permitted by the legislation.

- "Home repair" - type activites, which are authorized for near-poor families by the present DOL regulations, should be expressly recognized in the CETA legislation. Such activities provide a vital public service and involve useful skills which are likely to lead to permanent, unsubsidized employment for participants. In addition, authorization of these activities will encourage a productive linkage between CETA and federally assisted community development programs (e.g. CDBG's, CSA programs) whose funds provide materials and supplies but whose impact is limited in the absence of CETA-funded labor.

- DOL regulations in this area should be designed to ensure that (i) the benefits of weatherization, repair, rehabilitation and deleading assistance in connection with leased dwelling units will accrue primarily to poor and near-poor tenants; (ii) the rents on such dwelling units will not be raised because of any increase in the value thereof due solely to such assistance provided under this part; and (iii) no undue or excessive enhancement will occur to the value of such dwelling unit.

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SUMMARY CONCLUSIONS OF REPORT ENTITLED THE GOVERNOR OF CETA:
A PROFILE OF SPECIAL MANPOWER GRANT ACTIVITIES

"THERE IS CLEARLY A DUPLICATION OF COORDINATION RESPONSIBILITIES WHICH IS FURTHER COMPOUNDED BY EXPLICIT ASSIGNMENT OF FUNCTIONAL LINE RESPONSIBILITIES TO AN ADVISORY BODY WITH NO LINE AUTHORITY AND LIMITED RESOURCES."

"FURTHER, THE MANDATED COOPERATION AND PARTICIPATION OF STATE AGENCIES IN PRIME SPONSOR PLANNING IS NOT A RECIPROCAL PROCESS BY WHICH PRIME SPONSORS HAVE TO GIVE AN CONSIDERATION TO RECOMMENDATIONS OF THE STATE AGENCIES."

"PARTICULARLY DIFFICULT PROBLEMS ALSO EXIST DUE TO PLANNING CYCLES BEING DIFFERENT FOR EACH OF THE PROGRAMS, EVEN THOSE FUNDED ONLY BY THE DEPARTMENT OF LABOR."

"SECTION 106 (B)(4) CALLS FOR COORDINATION OF WAGNER-PEYSER PROGRAMS IN ACCORDANCE WITH SUCH RULES, REGULATIONS AND GUIDELINES AS THE SECRETARY DETERMINES ARE NECESSARY.... GOVERNORS IN A POSITION MERELY TO RESPOND TO FEDERAL DIRECTIVES RATHER THAN TO WORK IN PARTNERSHIP TO IMPROVE THE FUNCTIONING OF A FEDERAL STATE AGENCY."

"THE PLAN REQUIREMENTS ARE DEFECTIVE IN THAT THERE IS NO REQUIREMENT FOR THE DEVELOPMENT OF STATEWIDE POLICIES, GOALS, AND OBJECTIVES TO GUIDE AND ASSIST ALL PRIME SPONSORS AND APPROPRIATE STATE AGENCIES IN THE DEVELOPMENT OF PROGRAMS AND SERVICES THAT WILL MEET THE OVERALL NEEDS OF THE STATE AND ITS LOCALITIES. SUCH A STATE MANPOWER POLICY STATEMENT DEVELOPED IN FULL CONSULTATION WITH AFFECTED ENTITIES WOULD HELP PROVIDE FOR A MORE COHERENT AND RATIONAL APPROACH TO ADDRESSING EMPLOYMENT AND TRAINING NEEDS."

"SECTION 107 REQUIRES SUBMISSION OF AN ANNUAL REPORT TO THE GOVERNOR WHICH IN THEORY SHOULD BE AN ASSESSMENT OF PLANS VERSUS RESULTS FOR THE PRECEDING YEARS. HOWEVER, WITHOUT A COORDINATED SET OF STATEWIDE POLICIES GOALS, AND OBJECTIVES INCORPORATED IN A TRULY COMPREHENSIVE STATEWIDE MANPOWER PLAN, THERE IS NOT BASIS FOR OVERALL COMPARISON. HENCE, THE ANNUAL REPORT IS TRADITIONALLY A COMPILATION

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OF SEPERATE REPORTS ON THE ACCOMPLISHMENTS OF INDIVIDUAL PRIME SPONSORS WITHIN A STATE AND REPORTS ON THE SPECIAL GRANTS ACTIVITIES."

"1. WHERE THERE IS A CLOSE RELATIONSHIP BETWEEN THE ADVISORY COUNCIL CHAIRPERSON AND THE GOVERNOR IT RESULTS IN BETTER COMMUNICATION AND MORE EFFECTIVE EXECUTION OF THE LAW."

"3. THE REVIEW AND COMMENT PROVISIONS WERE BEING IMPLEMENTED BY STATES UNTIL IT WAS LEARNED THAT THE LABOR DEPARTMENT CONSIDERED IT A MEANINGLESS PROCESS. ONE IMPEDIMENT IS THAT THE TIMING OF THE REVIEW AND COMMENT PHASE IS OUT OF SYNCHRONIZATION WITH THE LABOR DEPARTMENT'S GRANT APPROVAL PHASE."

"5. IF THE SECTION 107 ACTIVITIES ARE TO REMAIN AS CURRENTLY OUTLINED, THEIR FUNDING AT A MINIMUM LEVEL OF $50,000 IN EACH STATE IS ESSENTIAL."

"6. THE UTILITY OF THE FIVE-PERCENT FUNDS FOR SUPPLEMENTAL VOCATIONAL EDUCATION ASSISTANCE SHOULD BE REVIEWED AND CONSIDERATION GIVEN TO ESTABLISHING A GENERAL DISCRETIONARY SET-ASIDE FOR GOVERNORS WHICH INCLUDES THE FIVE-, FOUR-, AND ONE-PERCENT FUNDS."

TITLE I

Sec.101(5)	The "limited number of special program grantees serving rural areas" is apparently the Concentrated Employment Programs (CEPs). Legislation should clarify the intention and specify that expansion will not be beyond existing CEPs.
Sec.101(d)	Eliminate "administration"; while state prime sponsor arrangements for planning assistance to substate areas are appropriate, administrative assurances are not. Such requirements would violate the concept of a decentralized decision making system.
Sec.103	Although Section 103(2) is a step in the right direction and essentially meets the National Governors' Association policy, the state still is not clearly established as the appropriate unit of government to perform the job search responsibilities. A total review of the Wagner-Peyser Act should strengthen their function even more.
Sec.103(c)(2)	Delete. This section is unnecessary. Employees are often subject to merit system procedures and all are covered by civil rights legislation, etc.
Sec.103(h)(1)	Section 302 and 303 prime sponsors should submit a copy of their plans to the Governor for information.
Sec.104(a)	The legislation should clarify that the Secretary cannot approve or disapprove prior to consideration of the Governor/SETC recommendations.
Sec.104(d)	add--"The Secretary shall not disapprove any plan soley because of the percentage of funds devoted to a particular program or activity where there is no restriction elsewhere in the Act."
Sec.104(3)	The words, "and to the Sec.", should be eliminated. If the Department wishes to consider what the Council has said the Governor can transmit when he/she sends in comments.
Sec.105	We would recommend that Sec.105, 110, and 202(2)(c) be collasped into one section. These four distinct but related functions need to be considered as a part of a whole.

The suggested language is as follows:

Governor's Coordination & Special Services Plan

Sec.105.(a) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan to the Secretary, which shall evaluate the performance of employment and training programs and agencies in the State and prepare an annual report.

(2)

All functions under this section shall be accomplished by the Governor with the advice of the State Employment and Training Council Staff to enable the Governor and the Council to fulfill these functions and shall be funded pursuant to section 202(d). (This assumes combining 202(2)(c) funds into 202(d)).

(b) The Governor's coordination and special services plan:

1. shall identify those activities to be undertaken during the grant year to:

   A. coordinate all employment and training related services provided by the State, by prime sponsors, and by providees of such services within the State;

   B. assure that comprehensive employment and training plans do not unnecessarily result in the duplication of services;

   C. provide for the exchange of information between States and local governments with respect to State, intrastate, and regional planning for economic development, human resource development, education, and such other subjects that may be relevant to employment and training planning;

   D. make available, without reimbursement and upon request, to any prime sponsor serving an area within the State, such information and technical assistance as may be appropriate to assist any such prime sponsor in developing and implementing its programs under this Act and in accordance with this section;

2. shall set forth procedures, which the Governors will administer, to assure that labor market area planning is being done by prime sponsors on a continuous basis;

3. shall develop and provide to prime sponsors information on a State and local area basis regarding economic, industrial, and labor market conditions, including but not limited to: (A) multi-year numerical projections of job opportunities and skill requirements; (B) labor supply in various skills; (C) turnover rates in employment in various sectors of the economy; (D) occupational outlook and employment trends in various occupations; and (E) economic and business development and location trends;

4. shall identify, after consultation with the State Advisory Council on Vocational Education, the employment and training and vocational education needs of the State.

(c) shall describe how he/she shall carry out special employment and training related programs which:

1. Provide employment and training services to individuals who are under the supervision of the state and/or provide services to particular segments of the population which are most effectively served on a statewide basis (for example physical or mentally handicapped).

(3)

2. Provide funds for employment and training programs which enhance any joint state/prime sponsor programs within labor market areas and compliment the procedures as outlined in Sec.(b)(2) above with special emphasis on programs which enhance private sector job training programs.

3. Provide funds, after consultation and agreement by the appropriate state agencies responsible for vocational education related programs to assure the maximum utilization and non-duplication of vocational education funds and CETA prime sponsor funds within the state.

4. Carry out experimental and model employment and training programs with special emphasis on private sector involvement and model union sponsored projects.

(d) The Governor's evaluation function shall consist of:

1. reviewing the comprehensive employment and training plans of prime sponsors pursuant to section 104;

2. reviewing plans of all State agencies providing employment, training, and related services;

3. assessing, after consultation with the appropriate education agencies and other state agencies and advisory structures, the extent to which employment, training, vocational education, vocational rehabilitation, and other programs assisted, under this and related Acts represent a consistent, integrated, and coordinated approach to meeting the employment and training and vocational education needs of the State.

4. commenting at least once annually on the reports of the State Advisory Council on Vocational Education, which comments shall be included in the annual report submitted by that Council pursuant to section 105 of the Vocational Education Act of 1963;

5. reviewing continuously the operation of programs conducted by each prime sponsor, and the availability, responsiveness, and adequacy of State services.

(e) The Governor's Annual Report, which shall be a public document, shall include at a minimum:

1. comments to prime sponsors, state agencies, appropriate federal agencies, and the general public on the relevancy and effectiveness of employment and training and related service delivery systems in the State in relieving unemployment and poverty level incomes for unemployed, economically disadvantaged persons in the State; and

2. recommendations to prime sponsors, state agencies, and appropriate federal agencies on ways to improve the effectiveness of employment and training programs and related services, including the delivery of such programs and services.

(4)

(f) The State Employment and Training Council shall be appointed by the Governors and shall be composed of:

1. representatives of prime sponsors;
2. representatives of organized labor, business, and agriculture, where appropriate;
3. representatives of the direct community and the general public;
4. representatives of service delivery agencies; and
5. representatives of general academic and vocational education.

Only if these sections are combined can we hope to even establish the bare bones of a logical employment and training system in this nation which simultaneously accomodates the plural of varying parts of our country. Even with this proposed language, gaps will continue to exist. For example, due to varying federal laws and regulations a Governor's authority will still be limited. He/she, for example, only has signatory authority over HEW funded title XX and adult basic education programs. ETA, itself, does not even communicate with a Governor regarding other ETA administered programs making the task even more difficult. We would hope by your own current administrative authority you would correct this practice immediately to show a good faith effort that you are willing to uphold your end of the partnership.

Two additional points must be emphasized:

1. Legislatively specified percentages of representation are inappropriate for state flexibility and should be deleted.

2. There is no justification for requiring the Council chairperson to be a public member.

If the Governor is to be responsible for effective planning and coordination it is very inappropriate to mandate a strong, responsible state role for such activity and to simultaneously tell the Governor who will sit on the Council, in what proportion, and who will be the chairperson. While the legislation might specify areas to be represented, the exact constitution and leadership should be the responsibility of the Governor, if there is to be reasonable accountability.

Section 108. The Governor "comments", but the Secretary has decision-making power to reallocate funds. It is difficult, again, to understand how the Governor can be expected to be responsible for "coordinating" the delivery and equitability of services, if these decisions are to be made at the federal level.

Section 109. The provision to provide for an independent staff for councils could be an unnecessary financial burden particularly for small prime sponsors, if funds from title II. Requirements such as the number of meetings these councils will need and prohibitions on chairmanship are also unwarranted. Legislation should outline the role and responsibility of the councils, but such detail on their operation and membership limits flexibility and is most inappropriate.

(5)

Sec.119	See comments under Section 105.
Sec.121(o)	"Funds from this Act may be applied to reimburse state and local governments for their contributions to retirement plans and shall be limited to actuarially calculated costs of accrued benefits to CETA participants."
Sec.121(r)	Delete; This provision would be unnecessary to state if Wagner-Peyser were revised and the responsibility for providing job search assistance properly placed at the state level.
Sec.121(s)	Delete. See comments in Section 103(c)(2).
Sec.122(j)(2)	The 78-week limitation should be tied to the local unemployment rate and flexible enough to allow for maintaining public service employees in areas where high unemployment is sustained for a longer period of time and no jobs are available. Such a provision would be particularly applicable in sparsely populated rural areas.
Sec.122(k)	Add a provision to allow a maximum of 20 percent to be expended for wage adjustments in accordance with area wage differentials, such as has been done in welfare reform.
Sec.122(l)	Assuming that the phrase "other benefits" refers to retirement plans, it would be more appropriate to state that inclusion accurately. See our comments on section 121(d).

Sec.123(b) Delete; this function is subsumed under the Governor's planning and coordination responsibilities.

Sec.123(f) We would caution that it is important to assure that those most in need are served first.

Sec.123(g) The administrative cost flexibility provided under this section is a positive reinforcement for developing a comprehensive and coordinated approach to delivery of services.

Sec.124(2) We assume this section will be brought into line with welfare reform jobs program criteria, etc.

Sec.127(a) Performance standards should be locally, not nationally, determined to tie in with local needs.

The requirement of 30 days in the Federal Register notice by the Secretary, prior to final rules and regulations, should be continued.

Sec.128 The appropriate roles of levels of government must be clarified and reporting which ignores appropriate roles should be eliminated. If the system of a coordinated approval to planning and delivery of services is to be maintained, prime sponsor reports should be made to the Governor, not directly to the Secretary. Submission of duplicate reports from a council and the Governor is contrary to federal policy and the President's orders to simplify paperwork and reporting processes.

Sec.202(a) Formulas should assure that funds go to those most in need. Specifically, this formula does not address the inequities of funding for rural areas. Formulas should consider the geographic location of unemployment, include a need index for targeting funds, and provide small states guaranteed minimum base funding levels.

This section should be incorporated into the provisions of Section 202(d).

Sec.202(c) Supplemental vocational education assistance funds should be combined with funds set-aside for the Governor, in order to maintain support of the legislation's procedures for planning and statewide coordination.

Sec.202(d) We are pleased that the National Governors' Association recommendation for a $50,000 minimum funding to the Councils has been included. This amount should be considered as an absolute minimum base to accomplish the expanded provisions in the legislation.

(7)

Sec. 205 — Responsibility for the job search assistance correctly belongs at the state level and would be clarified if Wagner-Peyser were simultaneously rewritten.

Sec. 211(1) — Public Service Employment and Work Experience under this title must be combined with education and training.

The job restructuring section, which requires a great deal of sophisticated detailed information and expertise may more appropriately be placed in other legislation, specifically a revised Wagner-Peyser bill, because it will necessitate working with employers who draw their work force beyond the boundaries of most local prime sponsors.

Sec. 211(5)&(7) — The distinction is unclear between on-the-job training and arrangements with employers.

Sec. 211(12) — Delete; inappropriate in this section.

Sec. 212(b) — The prime sponsors would have almost no capacity to re-target any of their funds to develop any new programs nor shift their service plans to assume more equitable distribution of their funds to any other significant segment of their population if 212(b) stands as written.

Sec. 213 — The National Governors' Association recommends that eligibility criteria be clearly stated and that for all titles the basis for determination be family income below 125 percent of the poverty level. Counter-cyclical programs should have an additional eligibility criteria of unemployment at least 15 weeks out of the previous 20 weeks continuous period.

TITLE III

Sec. 301(a) — We do not understand the purpose of this authorization "to provide services authorized under all titles of this Act "and for those specific in sections 1-7.

Sec. 313 — It would be more logical to thoroughly review Wagner-Peyser and clarify who should perform which functions and how payment should be made, instead of assigning CETA funds to pay for the employment service job bank.

(8)

Sec. 321 & 322 Development in federal agencies should include the provision for transition to regular employee status.

This is an excellent provision for new job and training opportunities.

TITLE IV

We support the effort to put youth programs under a single title, but had hoped that the categorical paperwork implicit in all the program assurances would be improved. Funding cycles and planning reporting procedures must be consolidated.

Standardized application format and recognition of the fallacy and wastefulness of requiring numerous written assurances are essential. We strongly object to the excessive paperwork which has been retained.

TITLE V

We object to the increase in federal agency representation which substantially decreases the potential for objectivity and independence of this important commission.

TITLE VI

Sec.601 Transition to private employment, enabling the individual to become self-sufficient, should be the ultimate goal of public service employment.

Sec.602 We are most pleased that public service employment is now a permanent and distinct title with a counter-cyclical emphasis.

We concur with the appropriation formula, particularly its relevance to the concepts of HR 50.

Sec.604 Again, we are concerned that this allocation formula assure consideration of the geographic distribution of funds and equitable distribution to those most in need.

We are puzzled by and strongly object to the 5 percent increase in the Secretary's discretionary funds, given to the stated intention of providing for a decentralized program.

Sec.604(c)(b)(4) The intent of this subsection is unclear.

Sec.607 We recommend eligibility based upon 15 weeks of unemployment out of the previous 20.

Sec.608 This is an unnecessary limitation in prime sponsor's flexibility to meet the needs of clients living in high wage areas.

TITLE VII

Sec. 701 The proposed allowable activities are laudable, specifically Sec. 704; few could quarrel with the fact there is a critical need

to improve the program linkages with the private sector. Our concerns center around process and potential duplication of functions.

Sec. 702

We are concerned that the provision for Private Industry Councils appears to superimpose yet another advisory council with membership potentially identical to existing councils. There is no client representation. Further, we have difficulty determining what the relationship would be between the Private Industry Councils and local prime sponsor councils, the State Employment and Training Council and Governors also required to "establish procedures which they will administer in order to ensure that labor market area planning is being carried out on a continuous basis" (Section 105(b)(5)).

The attached materials were developed and submitted on behalf of the Honorable Dixy Lee Ray, Governor of Washington.

The documents provide a clear statement of the problems and difficulties related to the application of CETA funds to retirement plans on behalf of CETA participants.

The Governors' office has also prepared recommendations addressing short and long range solutions which are worthy of consideration.

Washington State Office of Community Development - Office of the Governo
Employment Development and Training (CETA) - 208 General Administration
Olympia, Washington 98504 - (206) 753-5250
February 18, 1978

Washington State's proposed short-term and long-term solutions to the CETA Retirement Problem, presented to the National Governors' Association on behalf of the Honorable Dixy Lee Ray, Governor:

1. The Problem:

   A. The Department of Labor has determined that significant amounts of CETA funds have been used to pay pension contributions to retirement systems from which most CETA participant members will derive no benefit. This is a meaningful concern.

   B. The Department of Labor has adopted regulations essentially requiring that CETA funds not be used to provide retirement payments for CETA members who do not vest or do not obtain unsubsidized employment. Funds formerly paid by CETA into retirement systems on behalf of CETA participants are instead to be used to create additional jobs.

   C. CETA regulation 98.24 requires that CETA employees be given benefits at the same levels and to the same extent as other employees similarly employed.

   D. These requirements put substantial pressure on employers of CETA employees to pay pension contributions in excess of those contributions now reimbursable by CETA funds.

2. Step I - Short-term Solution:

   A. In order to allow us to comply with revised regulations on a basis consistent with the manner in which retirement systems operate, we propose the following be approved by the Department of Labor as being consistent with their revised retirement regulation 98.25:

      (1) An actuarial study should be performed in order to determine the cost of benefits for CETA members of retirement systems, based on the specific characteristics of such members.

      (2) These specially determined retirement costs would be the basis of Department of Labor reimbursement to employers of CETA employees.

(3) As a result, the Department of Labor reimbursement for CETA retirement benefits will probably not cover the cost actually charged to employers by retirement systems. The employer would then pay the difference between the amount charged by the retirement system and the amount reimbursable by the Department of Labor through CETA.

B. Public sector employers will need significant amounts of time to comply with the new CETA retirement regulation 98.25. In addition, it is possible that some additional administrative funds will be needed to comply. This is true because:

(1) The determination of the cost of retirement benefits to CETA employees must be developed based on the characteristics of CETA employees as a separate and unique group. Time and money must be available to perform the studies required to quantify these characteristics.

(2) Many states and other public employers have biennial budget periods. It is clear that the new CETA regulation on retirement costs (98.25) will generate additional costs to state and local governments. However, this additional cost may not be dealt with until legislatures convene and establish new levels of appropriations. As a result, additional time should be allowed beyond the October 1, 1978 extension date in order that legislative bodies may act.

2. Step I - Short-term Solution (continued)

(3) Employers of CETA participants have made employment commitments based on the assumption that full CETA funding would be available. The revision of CETA regulation 98.25 alters the ground rules upon which such decisions were based. It would only be fair to continue full funding of CETA retirement contributions with respect to commitments currently in place.

C. Summary of Step I - Short-term Solution:

Obtain approval from DOL for our method of computing CETA reimbursement of retirement costs.

Request that additional time, beyond the October 1, 1978 extension deadline, will be granted by the Department of Labor to allow states and CETA public sector employers time to:

(1) Work on the problem with legislatures which do not convene until after the October 1, 1978 deadline;

(2) Request new levels of appropriations;

(3) Operate from a new biennial budget period which takes into account the revised CETA retirement regulation 98.25.

Additional funds will be provided by the Department of Labor to state and public retirement systems to:

(1) Help defray costs of new actuarial studies required by revised regulation 98.25;

(2) Continue full funding of CETA retirement contributions for all CETA employees in an affected retirement system on October 1, 1977, and on through an additional extension period until states, public employers and retirement systems have had adequate time to complete new actuarial studies relative to the revised CETA retirement regulation, have had time to work out necessary changes with legislatures, and have had time to implement new budgets which take into consideration the revised retirement regulation.

D. The above items, which have been addressed in a letter to the Department of Labor from various public interest groups, are recommended short-term solutions to the CETA retirement problem.

With amendments to CETA currently in the planning process (Congressional CETA re-write) and with the possibility of expanded federally funded public service employment tied in with President Carter's Welfare Reform package, we feel that a long-term solution to the problem must also be developed. The remainder of this paper describes our recommended long-term solution. We urge your careful consideration of this proposal.

3. Step II - Long-term Solution:

A. As indicated above, current CETA regulation 98.24 requires that CETA employees be provided with benefits at the same levels and to the same extent as other employees similarly employed.

B. However, retirement programs provide substantive benefits to employees only at the time they become eligible for benefits. Generally, this occurs at retirement, disablement, or death while employed. It is acknowledged that CETA employees are characteristically short-term employees and will not generally remain in retirement programs to the point of retirement. Thus, retirement programs do not constitute a benefit to individuals, such as CETA employees, who do not remain in the system until eligible for retirement.

In addition, most public employee retirement programs require that the employee help pay for his or her pension through salary deductions. Thus, it would seem that CETA employees, who are characteristically unlikely to remain in employment to retirement, are required to pay into a pension system from which no retirement benefit will normally be derived. (Of course, employee contributions are returned upon termination of employment or death.)

C. This implies that membership in a retirement system may not be a benefit to CETA employees but may in fact be a burden, as they must pay employee contributions. For this reason we propose that employers of CETA employees not be required to provide membership in retirement programs for individuals filling positions funded by CETA. We propose that CETA regulation 98.24 be revised to exempt retirement.

D. This treatment, however, could work a hardship upon those few individuals who flow through CETA programs, obtain permanent employment, stay in such employment to retirement, and ultimately receive a retirement benefit. As benefits under public employee retirement systems are based upon period of service with an employer, reductions in those benefits would occur if CETA service is not recognized. In order to resolve this problem, we propose that any CETA employee who is not a participant in his/her employer's retirement system be given the opportunity to obtain credit in that system for CETA service upon transition to permanent employment by paying the contribution s/he would have paid had s/he been a member of the retirement system during his/her CETA service. The additional contribution which would have been made by a party other than the CETA participant (e.g., the employer) would be paid by the Department of Labor through CETA funds.

E. This proposal has the following advantages:

(1) It eliminates much of the problem of CETA reimbursement for retirement contribution.

(2) It would allow CETA employees to take home a greater portion of their gross paychecks at a time when they are most in need of such funds.

(3) It retains the opportunity for those CETA employees who do remain in service until retirement to obtain service credit for periods of CETA employment by "buying back" into the system.

(4) It reduces a potentially devastating administrative burden to the retirement systems themselves as rapid turnover in retirement systems, which requires employee contributions, generates extremely large administrative costs.

F. Summary of Proposed Long-term Solution:

(1) Retirement systems are to be exempted from the equal benefits requirements (regulation 98.24) of the Department of Labor under the revised CETA Act.

(2) If CETA employees are specifically exempted from participation in retirement systems, they must, at any time on or after the date they obtain non-CETA employment with the same employer or another employer in the same retirement system, be given the opportunity to "buy back" CETA periods of service. Provisions should be made for instalment payment of these contributions.

The employee cost of such service would be the contributions that such employee would have made had he or she been a member of the system during the period of CETA service, plus interest which would have been earned on such funds had they been contributed during the period of CETA employment.

(3) The additional contribution (and interest thereon) to the retirement system for such periods of service should be borne by the Department of Labor under the CETA Act.

4. We feel that this proposal solves a problem for:

A. CETA employees who may not be in a position to pay the contributions required of members of the retirement system;

B. Of the employer whose administration and cost of having CETA employees is increased significantly by the revised Department of Labor regulation 98.25; and

C. The Department of Labor which is charged with the requirement to use funds appropriated to the CETA program to encourage establishment of job opportunities for the unemployed.

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Summary of Fund Allocations Governors Discretionary Grant Under CETA (4%)

PROGRAM CATEGORY *	1977 TOTAL NATIONAL ALLOCATION (in thousands)	%
1. Offenders	$15,805.7	18.7
2. Rural Areas	6,253.0	7.4
3. Handicapped	7,697.0	9.1
4. Technical Assistance & Training	5,252.6	6.2
5. Staff Development	1,452.8	1.7
6. Research	3,438.2	4.1
7. Labor Market Information	5,286.5	6.3
8. Public Service Employment	2,469.4	2.9
9. Apprenticeship & Union	5,638.4	6.7
10. Affirmative Action	2,072.3	2.5
11. Regular CETA Title I	6,810.0	8.1
12. Coordination	6,051.8	7.2
13. Model and Innovative	10,639.1	12.6
14. Special Segments	13,674.3	16.2
15. Manpower-Related Supplementals	1,308.3	1.5
16. Institutional Training	2,294.0	2.7
17. Economic Development	5,135.6	6.1
18. Other	1,212.0	1.4

* Some programs can fit into duplicative categories.

Summary of Fund Allocations Governors Discretionary Grant Under CETA (4%)

PROGRAM CATEGORY (split)	1977 TOTAL NATIONAL ALLOCATION (in thousands)	%
1. Offenders	$14,823.1	17.5
2. Rural Areas	4,314.6	5.1
3. Handicapped	7,082.6	8.4
4. Technical Assistance & Training	3,540.4	4.2
5. Staff Development	927.3	1.1
6. Research	2,216.6	2.6
7. Labor Market Information	4,430.6	5.2
8. Public Service Employment	2,102.3	2.5
9. Apprenticeship & Union	4,871.5	5.8
10. Affirmative Action	1,902.3	2.3
11. Regular CETA Title I	5,513.1	6.5
12. Coordination	42,698.2	5.1
13. Model & Innovative	8,107.5	9.6
14. Special Segments	12,160.1	14.4
15. Manpower-Related Supplementals	932.0	1.1
16. Institutional Training	2,093.8	2.5
17. Economic Development	4,008.2	4.7
18. Other	1,212.0	1.4

Summary of Fund Allocations Governors Discretionary Grant Under CETA (4%)

TYPE OF GRANTEE	1977 TOTAL NATIONAL ALLOCATION (in thousands)	%
1. Business	$2,409.8	2.9
2. Labor	3,066.7	3.6
3. State Government	38,676.4	45.8
4. Local Government	7,275.7	8.6
5. Private, Non-Profit	10,867.8	12.9
6. Community Based Organizations	13,139.8	15.5
7. Higher Educational Institutions	5,464.8	6.5
8. Secondary & Post Educational Institutions	2,064.4	2.4
9. Consultants	833.1	1.0
10. Other	706.8	.8

Summary of Fund Allocations Governors Discretionary Grant Under CETA (4%)

BREAKDOWN OF TYPE 3: STATE GOVERNMENT AGENCIES AS SUBGRANTEES

SUBTYPES OF STATE DEPARTMENTS	1977 TOTAL NATIONAL ALLOCATION (in thousands)	%
1. Administration: OMB, Revenue, Budget & Policy Planning, Finance	$1,900.4	5.0
2. Labor: ESC, BOS, SMSC, AFL-CIO, Manpower Development	13,921.7	38.0
3. Natural Resources: Energy, Forestry, Environment,	1,390.6	4.0
4. Economic Development: Commerce Industrial Relations, Community Affairs	1,374.1	4.0
5. Corrections: Parole Board and Probations	4,855.0	13.0
6. Human Resources: Social Services, Aging, Children and Youth, Health, Alcohol & Drug Abuse, Cultural Resources	4,448.3	12.0
7. Governor's Office: Executive	368.1	1.0
8. Personnel	324.5	1.0
9. Transportation: Highway	145.1	0
10. Education: Secondary, Vocational	2,050.0	6.0
11. Rehabilitation: Retarded, Handicapped	2,405.1	7.0
12. Civil Service: EEO, Affirmative Action, Human Affairs	2,294.7	6.0
13. Commission for the Status of Women	234.4	1.0
14. Others: Auditor's Office, Migrant Affairs, Physical Fitness, Legal Services	755.4	2.0

Senator NELSON. Our next witness is Senator Daniel Inouye from Hawaii.

We are pleased to have your testimony this morning, Senator Inouye. It will be printed in full in the record and you may present it in the manner you desire.

STATEMENT OF HON. DANIEL K. INOUYE, A U.S. SENATOR FROM THE STATE OF HAWAII

Senator INOUYE. Mr. Chairman, members of the committee, I appreciate this opportunity to testify in support of S. 2378, a bill Senator Matsunaga and I are sponsoring to increase the funds available for Native American employment and training programs authorized under title III, section 302, of the Comprehensive Employment and Training Act of 1973. With this measure's passage, the funding level for section 302 would be raised from 4 to 5 percent of the total funding for CETA's title I general population programs.

The need for S. 2378 became apparent with last year's passage of the Youth Demonstration and Projects Act, which included a provision making Native Hawaiians eligible for CETA title III, section 302, benefits. For the Hawaiian people, this action represented further congressional recognition of their native American status and a serious attempt to address many of their severe and long-ignored needs.

Native Hawaiians today find themselves confronted by an acute crisis of identity and survival. The long history of foreign encroachment on Hawaiian soil has resulted in a staggering reduction in the native population, the overthrow of this once sovereign nation, and a progressive dissolution of their culture. Today, the Native Hawaiian feels alienated from his past. Yet, he has been unable to completely resolve the conflicts between his traditional values and practices and those of the modern Western World. Consequently, the Native Hawaiian frequently occupies the bottom-most rungs of our social and economic heirarchy.

Currently, Native Hawaiians comprise about 18 percent of the Hawaii State population but represent the largest group on the welfare rolls, the largest group incarcerated in correctional institutions, and the largest proportion of high school dropouts. According to the 1975 State census update, 21 percent of the Native Hawaiian population in Hawaii receive some form of welfare assistance, while 11.6 percent are unemployed. The State average is 6.4 percent unemployed, and 27.4 percent of my State's Hawaiian citizens exist below the poverty line. Though official published data is difficult to come by, communications from State authorities and service organizations in other States indicate that Native Hawaiians residing on the mainland are similarly depressed. With their inclusion in legislation providing programs designed to increase an individual's employability, Native Hawaiians can begin to move out of their current condition.

However, in order for native Hawaiians and other native Americans to reap the potential benefit that CETA title II can provide, the resources made available for these programs must be adequate. Fund allocations must take into account the number of people to be served and the needs that must be met for all included groups without pitting one native American against another.

According to the 1970 U.S. census, the native Hawaiian population of the United States was 100,179. This total included 71,375 in Hawaii and 28,804 on the mainland. However, because race in 1970 was based on either self-identification, race of the father or—where two or more categories were checked—on arbitrary editing, many individuals of part-Hawaiian ancestry were included in other ethnic groups. Because title III defines native Hawaiians as any individual who has ancestors native to the Hawaiian Islands prior to 1778, the 1970 census excludes many eligible individuals.

Data taken from recent federally funded research indicates that the population of native Hawaiian descent exceeds 150,000 in Hawaii. About 7.5 percent of the Hawaiian community are full Hawaiian.

An accurate official account of native Hawaiian residents elsewhere is difficult to come by. However, private organizations, such as the Los Angeles-based Hawaiians United, Inc., and Tacoma's Native Americans, Indians, and Alaskans, Inc., have conducted their own surveys.

By contracting the many Hawaiian civic clubs and State societies scattered across the country and the churches, schools and State records, these groups estimate that at least 150,000 individuals of full or part-Hawaiian blood live within the Continental United States—about 60,000 on the west coast alone. This is, of course, a very rough estimate, but funds targeted for these Hawaiians is also essential.

Given the numbers and the unemployment and low-income rates of our native Hawaiian citizens, my staff researchers, after working closely with experts with the Department of Labor and native American organizations across the country, inform me that $2.6 million will be necessary for an effective jobs program for this group in Hawaii.

An additional approximate $2.6 million is required by prime sponsors located near the large Hawaiian concentrations on the west coast.

Many sponsors have already been contacted by Hawaiians seeking assistance. Additional moneys are needed for Hawaiians living in other parts of the country. The 1-percent increase in funds provided by S. 2378 will provide the approximately $6 million required for native Hawaiians.

I am also informed that unless this money is obtained, the 164 prime sponsors serving Indians and Alaskan Natives would suffer a 10-percent decrease in program funds. Funding for Hawaii's native American jobs program now reduces funds available for non-Hawaiian CETA grantees.

Further, since additional moneys for Native Hawaiians have not been made available to Mainland prime sponsors, the needs of Hawaiians not living in Hawaii are either not met or, where met, CETA organizations are forced to use resources earmarked for Indians or Alaskan Natives.

Mr. Chairman, it is not the intention of the Hawaiian people that their opportunity should come at the expense of other needy groups, especially those whose history, culture, social and economic situation is similar to that of the Hawaiians. Passage of S. 2378 will insure that native Hawaiians, Indians, and Alaskan Natives are fairly and justly treated by authorizing the necessary additional funds for the title III, section 302, programs.

I thank you for your consideration of this bill.

Senator NELSON. I understand that the administration is recommending a two-tenths of 1 percent increase, from 4 to 4.2. You are recommending an increase from 4 percent to what?

Senator INOUYE. To 5 percent.

Senator NELSON. To 5 percent?

Would 5 percent provide adequate funds to meet the problem you were discussing?

Senator INOUYE. Yes, sir.

Senator NELSON. Thank you very much, Senator.

Senator Chafee, did you have any questions?

Senator CHAFEE. Thank you, Senator.

Of course, as you heard the prior speaker, he was reducing title III separatism, if you want to call it that, or specialized groups. But I must say I was astonished by these statistics, not only statistics, but the situation of native Hawaiians within Hawaii, the high unemployment, and high school dropouts and incarceration, and so forth. But also, I never realized that such a substantial number of native Hawaiians, those with part Hawaiian blood, were on the Mainland. That came as a complete surprise to me. I guess I never thought about it.

Senator INOUYE. Most of them reside on the west coast, primarily in California, around the Los Angeles area.

Senator CHAFEE. So this is certainly excellent testimony.

Thank you very much.

Senator INOUYE. Thank you very much.

Senator NELSON. Thank you, Senator.

Our next witness is Hon. Moon Landrieu, mayor of New Orleans, La., representing the United Conference of Mayors, and the League of Cities.

The committee is pleased to have you. If you will identify your associates, starting on your far right.

STATEMENT OF HON. MOON LANDRIEU, MAYOR, CITY OF NEW ORLEANS, LA.; ACCOMPANIED BY CAROL KOCHEISEN, COUNSEL, NATIONAL LEAGUE OF CITIES; EMMETT S. MOTEN, JR., ASSISTANT CHIEF ADMINISTRATIVE OFFICER, CITY OF NEW ORLEANS; MIKE EARLY, CITY COUNCILMAN, CITY OF NEW ORLEANS; AND MICHAEL McPHERSON, ASSISTANT EXECUTIVE DIRECTOR, U.S. CONFERENCE OF MAYORS

Mayor LANDRIEU. Thank you very much, Senator. I have brought a great deal of moral support this morning.

On my far right is Ms. Carol Kocheisen, with the National League of Cities; to my immediate right is Mr. Emmett Moten, assistant chief administrative officer for the city of New Orleans; to my immediate left is Councilman Mike Early of the city of New Orleans; on the far left is Mr. Mike McPherson, with the U.S. Conference of Mayors.

Senator NELSON. We welcome you here.

Mayor LANDRIEU. I am speaking this morning on behalf of the National League of Cities and the U.S. Conference of Mayors. I will try as best I can, Senator Nelson, to summarize this statement out of deference for your time and hopefully provide you with additional opportunity to ask some questions.

For the most part, Senator, we have found the CETA program to be successful.

Despite the many criticisms that have been aimed at it, it has, in fact, worked. It has its problems; it has its deficiencies, but it has worked. It is a first effort, really, to decategorize and decentralize training program employment programs.

We think the placing of primary authority for implementing manpower programs in the political jurisdiction was a wise action. The creation of the prime sponsor mechanism for controlling, in an equitable, prudent, and logical fashion, the administration and delivery of needed training and employment services has also been a wise course of action.

Because it is in the political arena, it naturally is going to get a great deal of ink in the Nation's press. Much of that is going to be unfavorable headlines where there appears to be a deviation from policy or violation of the rules and regulations.

I am satisfied that any thoughtful and comprehensive evaluation of this program would prove it is in fact an excellent program the Congress has enacted and that locally we are doing a reasonably competent job of implementation.

One of the major criticisms that has been aimed at the bill has been the thought that somehow local government was substituting Federal dollars for local dollars, and that we in fact were not employing the unemployed, but rather using Federal dollars in lieu of local dollars.

It has happened in some instances, and it was a natural consequence of this legislation coming into existence at a time when virtually every unit of local government was extremely hard-pressed for funds; in fact, instead of expanding services, were actually laying off or imposing job freezes.

Even, under those stressful circumstances it appears that only about 18 percent of the dollars represented substitute dollars. All the rest represented legitimate jobs that were either created or would have been taken out of the job market had those Federal funds not been available.

Another problem arises because of the uncertainty of the purposes of the act.

Typical of most great pieces of legislation, the focus is not entirely clear. Those who favor the legislation favor it for different reasons and expect it to do all manner of things. We expect to cure the structural unemployment. Some saw it as assistance to assist local governments in performing public services that would not have otherwise been performed. Some felt the most important aspects were training provisions of the act. Others viewed its prime purpose differently.

It would help, I think, if we tried to narrow the foucs, tried to clarify precisely what we have been trying to achieve by this legislation.

Another misconception is the fact that those people employed have basically been white and middle class. I think the Brookings Institute has disproved this. We think the vast number of people that have been part of this program have in fact been from the disadvantaged; and we think there has been more than a proportionate share of minorities who have been employed through this program.

We believe many of the criticisms of the program can be eliminated by clarifying the intent of public service jobs programs. Two distinct programs, designed to address two distinct and very different problems, will go a long way toward this end.

We firmly believe that, regardless of the national unemployment rate, there should be a public service jobs program available to individuals with little or no attachment to the labor force. By the same token, we also believe that when national unemployment reaches unacceptable levels, there should be an automatically triggered appropriation available to meet the need of cyclically unemployed individuals.

We think it is unwise to try to establish a separate wage scale for those going into public service jobs. We at the local level think this would give us unbelievable problems in trying to establish different wage scales for those who are working in traditional general fund jobs at the local level, and those who come in as CETA employees.

When we initiated this program, we had very difficult problems of identification. Certain employees came in as if they had a sticker on their head and said, I am a CETA employee. They faced difficult times in integrating themselves into the work force. They were viewed as a different kind of body, a different kind of person, a special case. We have managed to overcome that.

It is virtually impossible in New Orleans to determine without a very careful review of the record who is a CETA employee and who is not a CETA employee, so that any stigma that was initially attached to this employment has been removed.

If in fact we do go to wage differentials, we think that that will simply reinstate the stigmatism that was once attached to public service employment.

With your permission, I would like to read a little bit of this statement and submit for the record a fairly detailed and lengthy statement on the administration's CETA reenactment proposal on behalf of the League of Cities and the Conference of Mayors.

I would also like to submit my testimony on BLS statistics before the House Post Office and Civil Service Committee; NLC's Employment and Income Security Policy Statement; and USCM's policy on employment and training. I am pleased now to summarize the major points on the CETA reenactment proposal.

We believe that over the past 4 years, CETA has been and remains a program of vital importance to the Nation's unemployed and underemployed. It has been an effective instrument for responding to local unemployment conditions and is a substantial improvement over inflexible categorical grants. The concept of prime sponsorship has worked well and is a system which should be supported and built upon.

Our major concerns with the administration's proposal are that we see a subtle and gradual erosion of those concepts which have made CETA work and operate effectively.

In lieu of using its monitoring and enforcement capability, the Department of Labor is proposing chipping away at the decentralized and decategorized nature of the program by addressing limited isolation problems through unnecessary and restrictive legislative provisions.

The most blatant examples of legislating what the Department is unwilling to deal with through its administrative responsibilities are:

Mandating a prime sponsor to continue its mix of employment programs as funded in fiscal year 1977 regardless of their continuing relevance;

Forcing the prime sponsor to justify to State governments its program decisions which were based on local needs and conditions;

Encouraging the development of adversary relationships and diminishing the accountability responsibilities of prime sponsors at the local level by funding an independent staff for the advisory council;

Limiting the time a participant can spend in a public-service job regardless of local economic conditions;

Establishing unrealistic salary ceilings without regard to local cost-of-living factors and restricting the use of local revenues to supplement these ceilings; thus potentially forcing PSE participants into menial, make-work jobs;

Establishing national performance standards which may or may not be relevant to locally determined priorities, needs, and economic conditions;

Allowing the Secretary to reallocate, suspend or terminate a prime sponsor's funding without due process;

Continuing the movement toward designating certain community-based organizations as presumptive deliverers of service without adequate consideration of past performance; and

Expanding the Secretary's discretionary authority via regulations.

Recognizing the desire to develop a visible effort to involve the private sector more substantially in employment programs, we can appreciate the rationale for developing a separate title VII. However, we would like to raise the issue of the trend toward further duplication and recategorization that we believe this represents.

As you are aware, the Bureau of Labor Statistics is now in the process of changing its method of collecting unemployment statistics. While it would not be appropriate for me to go into the technical details here of what is being done—we hope this committee will review very carefully those proposals and the testimony that has been made before other committees on this matter.

It is vital that the policymakers in Congress meet with the statisticians to determine what objectives are to be achieved and how best to collect the data necessary to achieve these objectives. Once that information is obtained, Congress will then be in a position to determine whether they wish to spend what is necessary to obtain the data on which they base funding allocations which will treat receipients equitably.

Mr. Chairman, members of the subcommittee, we appreciate this opportunity to present our views. It has been our experience in the past that this subcommittee has been extraordinarily responsive to the concerns of the Nation's cities.

I wish to take this opportunity to acknowledge and thank you for that. We would also hope that our continuing good relationship will result in a CETA reenactment proposal that first and foremost will meet the needs of all the Nation's unemployment and secondly will result in a program that can be effectively and efficiently operated at the local level.

Mr. Chairman, I think that sums up as best I can the oral testimony as given.

I will file a statement for the record, together with more detailed addenda attached thereto.

Senator NELSON. That will be printed in full in the record.

You heard the testimony of Governor Finch, representing the National Governors Association, stating that they believe the prime sponsors' plans should be approved by the Governor. I take it that the League of Cities and the Conference of Mayors does not agree to that, or do they?

Mayor LANDRIEU. No; and I do not know that anyone else agrees with that other than Governors. I am not so sure they agree with it.

We are perfectly willing to have States examine our plans and comment on them. I think we will resist very strongly the concept of giving them signoff.

We think under that process we simply establish another point of confrontation. We believe we understand our communities quite well. We are willing to consult; we are willing to meet. We are willing to plan together. But we are certainly not willing to accord the States a veto. I am sorry we are a little paranoid about our relationships with the States, Mr. Chairman, but history has shown us that the States—and it is a general statement, of course, given to exceptions—have not been the most sensitive bodies in the world to the needs of cities.

Until such time as we find a greater willingness to help, we of course would have to resist that kind of signoff action.

Senator NELSON. One of the points you question is the establishment of what you consider to be unrealistic salary ceilings without regard to cost-of-living factors. Obviously in almost any part of any rural State, cost of housing, and all other costs, are substantially below what they would be in a major metropolitan area.

Would you recommend that the Bureau of Labor Statistics try to produce figures that would show an equivalent cost-of-living standards throughout the country?

Mayor LANDRIEU. Perhaps the staff person may have a technical response to that, Senator Nelson.

My feeling is they should not prevent us from supplementing salaries. It is an extraordinarily difficult thing for a city to employ hard-core unemployed and to employ only hard-core unemployed. There is not any question but that this program has been a great benefit to cities around the country that have found themselves in need of additional personnel and have not been able to hire those personnel with their own funds.

On the other hand, I would not want this committee to feel that it is entirely a picnic when in fact we are limited to the hardest core of the structurally employed. I think the Senate and this Congress would find it extraordinarily difficult to run a business if that were the only pool from which you had to draw.

It is not only the very hard-core disadvantaged who are out of work, there are significant numbers of highly trained, highly skilled people out there who cannot find jobs. I suggest that unemployment is just as difficult for them as it is for the hard-core unemployed when you look at individual against individual, though statistics in total might be quite different.

It seems to me that to deprive those persons of meaningful work in the Government that would be of benefit to them and substantial help to the local units of government is a rather short-sighted approach to it.

If we in fact are limited in supplementing those salaries, I think that is precisely what would happen.

Senator NELSON. Maybe we should not be considering structural and cyclical unemployment within the purview of the same legislation. You would agree that those who do have skills, training, and education are equipped to take a job whenever employment jobs become available; whereas, we are dealing with a very difficult question. There is a high percentage of unemployed people among so-called structurally unemployed who, if a job showed up, could not take it, because they do not have any skills.

Mayor LANDRIEU. No question.

Senator NELSON. In large part the purpose of this program is to aim at those who have not had the benefit of any training or skill or educated individual seeking a job in the public service field compared have a kind of conflict when you are looking at the well-trained, well-educated individual seeking a job in the public service field compared to somebody who does not yet have a skill that would make him or her available as an employee in any classified job of public service or in the private sector.

Mayor LANDRIEU. Senator, you have obviously been one of the great supporters of CETA and one of the great friends of cities around this country, but our experience has been that while the vast majority of people who have been hired are I think it is 90 percent minorities, disadvantaged, there are still what we consider to be a significant number out there who do not fall into that category who are, in fact, unemployed and have not been able to find employment.

I think most observers would be surprised when you got down into local units of government and seeing the number of people who have been highly skilled, who eventually found their way into local government as a result of this program.

For instance, in New Orleans, we have had a space program; we were building a shuttle down there; when that closed down, it is pretty hard to find another space program to get into. It was the only game in the country at the time.

Our finance director came into city government directly under one of these programs and now transitions onto the general fund payroll as director; very talented guy.

In any number of examples in city hall, where this has taken place, the assumption is, I think, in your statement, that there are in fact jobs out there in the private sector, if we are in a nonexpanding economy and, in fact, a retrenching economy; and it is quite possible for individuals with those kinds of skills to go for very long periods of time without finding a job.

I am not just talking about a suitable job. We met once with the legislative action committee, with which I think you are familiar, out in Seattle at the time they were closing down; and we personally talked with physicists, engineers, who were in fact performing in some instances clerical jobs and in many other instances fewer manual labor jobs. And they were particularly disadvantaged because most employ-

ers saw that individual from the private-sector standpoint as a person who was in fact only waiting for another job.

Consequently, they had a most difficult time of all getting a job because the employer knows that a person who is underemployed, employed well below his capabilities and his educational level, will likely move on at the very first opportunity.

Many of them expain their own personal dilemma that they were overly trained, overly educated for the work that was available, and consequently had a very difficult time selling themselves in that particular labor market.

Senator NELSON. Of course, they would encounter similar difficulties once they took public-service jobs. One would find that seeking private sector employment would be equally as difficult after their tenure in a public service job.

Mayor LANDRIEU. I do not think so. Most of the time in Government we are looking for highly skilled people.

Senator NELSON. Are you talking about permanent employment in Government?

Mayor LANDRIEU. Yes, sir; permanent employment.

Senator NELSON. Which is fine, but that would mean that there would be a transition from this program to permanent employment.

Mayor LANDRIEU. But that is exactly one of the functions that this program is supposed to provide; that is, bring people into the job and hopefully they will be transitioned into the private sector or transitioned into a public job. Those public jobs that are funded by cities' revenues are not always available. It may take 6 months, a month, year, for one of those jobs to become available so that individual can move up into something that he is perfectly capable of handling—we do not look upon that individual as the private sector would. We are performing a service, and we understand that that individual may very well move on out of the public sector. But that is what we are there for. We are a service institution. The private sector does not have that social conscience. I do not condemn them for it. They are operating on a profit motive; we are not. We are there as an instrument of the Federal Government and we are there as a service agency. We can stand the gap, that more than likely before that individual moves out where you have a depressed private economy, we are moving them as rapidly as we can into the permanent job slots that become available in Government.

It is more difficult to do that with those who are unskilled. I think we do not fully appreciate the depth of the unskilled nature of many of the workers out there.

I have heard the phrase used so often now that it almost becomes a real thing, like a make-work job. I do not really know what that is. We put people to work cleaning out parks and streets at the very lowest level; now if those are not meaningful jobs, then I do not know who is going to do it. It is a job that has to be done. It may not be the most pleasant job in the world, or highest paying job, but it is honest, decent work.

It is difficult even to get some of the very chronically unemployed to be able to perform in those levels. This does not take any skill. What it does take is a kind of discipline to get out of the bed in the morning and to report to a certain place and to perform for a certain number

of hours and, surprisingly, there are many, many thousands and thousands of people who have had no work experience, who do not have work ethic who find that extremely difficult to do.

We found some department heads in the city government who did not want to employ CETA workers simply because they represent a body in some instances, the difficulty of training and educating that chronically unemployed person provided more of a hindrance than was the benefit of having an additional body themselves.

We have overcome that. It does take some effort, even in those low-level jobs, to provide basic training and counseling that makes that individual a productive worker.

Senator NELSON. I think there is some conflict of objective. The Department of Labor statistics indicate that in title I, 52.2 percent of those involved have 12 years education or more; title II, 77.5 percent, 12 years or more education; title 6, 72.6 percent, 12 years or more of education. So those rough statistics would indicate that those who are the least prepared in the structurally unemployed field are getting the least benefit of the program. The program should be targeted toward those who lack skills and education.

Mayor LANDRIEU. Senator, I do not challenge those statistics, but are they current? Most of the studies that have been done in these programs are looking at figures that were developed in the very early stages of CETA and are now finding their way into publication.

I want to make sure we are dealing with current status.

Senator NELSON. The staff advises me these were Labor Department statistics for fiscal year 1977. The public is a big employer—take the Federal Government, State and municipal governments, and yet the one place where the least opportunity exists, it seems to me, as a general proposition, for people who are disadvantaged, is employment in the public sector, with some rare exceptions here and there.

If these statistics are correct, they reinforce what I have stated, with a very high percentage of public employees being those who have 12 years or more of education and a very low percentage of public employees who lack skills, education, training, and other employment opportunities.

That is the reason that there are limitations on the amount of money one can make and limitations on time one can spend in the program.

I realize one can have differing views about what the purpose or objective of CETA ought to be. We are concerned about too much emphasis on people with the best qualifications, best training, best education, as against dealing with the very, very knotty problem of structural unemployment.

Did you have any questions?

Senator CHAFEE. It seems to me, mayor, that most of all it is a treat to have you here, because certainly you have been on the firing line. You know what you are talking about.

Also, I would like to commend you for saying you would abbreviate your statement, and you did it.

We have so many witnesses who say I will abbreviate my statement and then read the whole thing.

But it seems to me what we have got here is a quandary between how you—and I suspect your associates in the national municipal league—view the program and how we view it; at least I view the program as a

program of training people who are in hard-core, the structurally unemployed we are always talking about, and I do not view it as a countercyclical employment program, although obviously there is part of that in the act.

And so when you say, for instance, "Limiting the time a participant can spend in a public-service job, regardless of local economic conditions"—I can see why you and your associates are anxious for these programs to give you a hand. Because cities have had a great deal of problems, and all of these activities you mentioned have to be done.

Are we really training people? Are we getting anywhere when we finish that? Is the participant better able to hold his own in the struggle of life by getting a job somewhere? That is where I am not sure I agree with you.

Mayor LANDRIEU. Senator, I think that is so. I believe anyone who goes into municipal government and gets work experience that he has not had before is better equipped for life.

There are some who are going to fall between the cracks. We have to face up to the fact that some folks do not want to work. I do not believe that is the majority of people. There are some who do not want to work, do not know how to work and do not want to work.

There are some who go from job to job and who earn a few bucks and then are laid off and then earn a few more dollars. I think they are in the minority, but nonetheless they represent a significant number. It is not just a question of being lazy. I am not trying to suggest that. It is a question in many instances of coming out of a nonwork environment, being confused, frustrated by a system.

Let me speak for myself and not for you as conference and national league of cities at this moment, just as a politician at the local level.

I believe, Senator, that unemployment and the economy of this country is a national problem and it is the responsibility of the Congress, the President, and not of mayors and local government. We have no monetary policy; we cannot effect any national policy——

Senator NELSON. Neither do we.

Mayor LANDRIEU [continuing]. We do not establish energy policy.

We will, and I think as units of government, we have the responsibility to administer certain national programs that are developed. But I think that there is an end to what I would be willing to administer as a local public official if there were not something in there of benefit to my local government; and if all you are going to do is tell local units of government that we are going to establish this program, and we do not expect it to be of benefit to local government, but in order to discharge our responsibility to attack unemployment in the Nation, you are going to be the instrument through which we train hard-core unemployed, I would tell you to go ahead and train them, Senator; do not give me the job. I do not want it.

If you can do it through the Federal agencies, do it, because it is costly, time-consuming and, inevitably, it represents a hassle. We have got to have some winners and some losers at the local level.

Part of our problem has been that everybody wants to give us only the losers. I do not mean to ramble on in other areas about urban policy, but every time the private sector defaults in an area that has

heretofore been profitable, such as a transportation system, they turn in their franchise.

Councilman Early and I have been working on mass transit in New Orleans. The private sector says, here, city, you run the system, and all of a sudden we have an entirely new expense on our hands that we did not anticipate. You can multiply that over and over again.

If the Federal Government tells us all we are going to give you, in addition to public—the private sector giving you their losers—we are going to give you our losers; I am going to tell you to run it yourself.

One of the benefits to us in administering a national program is for it to be of benefit to the unit of government that we represent to our city and our constituents, and that is why we feel quite strongly that this program, with a heavy public service component, do both.

It can provide jobs; it can provide meaningful training, and also be a benefit to us. But we wish that the Federal Government would put something in there about permitting us to buy equipment and give us a better break on administrative costs and a number of other things. Right now, I think the program is reasonably successful.

You are going to have constant questions about the effectiveness of programs until we stop tinkering with them. If we put in the headlines every time we try——

Senator CHAFEE. The city council of Washington is an example.

Mayor LANDRIEU [continuing]. No, if we put in the headlines every time Rod Carew struck out, if that made the headlines, then you would think Rod Carew was not much of a hitter. The problem is, we recognize if that fellow is going to hit .330, he is going to do pretty good. He is going to hit one out of three tries. There is a performance level that has to be reasonable and acceptable.

To eliminate every last imperfection, you obviously burden it down with some regulations that the overall program does not work. There is a level of perfection—imperfection that we have to accept in life. I have to accept in life. I have learned to accept it with the Congress of the United States and you have to learn to accept it with us a little bit.

Senator NELSON. If you have, you have learned more than anybody else in this country.

Senator CHAFEE. Mayor, you are talking my language. I agree with everything you say; accept some imperfections. I am for that. I do not think the answer to known corrections is to have so much red tape we would get nothing done, which would be imperfection in itself. I guess the problem bothering me is that in so many of the—well, the cities are helping themselves, but they are taking people, it seems to us, who are relatively educated, relatively well-trained and using them in fact to substitute. There is nothing against that, except that is not the purpose of the program. We have got revenue sharing; we have got the other things for that. I just do not think that when you are through that we have made much progress, except we have advanced the cause of city services; but that is not what this thing is designed for.

It is designed for a person to be really trained so he can support himself in life. If he can then move onto the city's payroll, that is

fine. I suspect, absent this program, if you had some money from revenue sharing and other sources, you would have hired him anyway, just like your finance director.

If you had the money, you would presumably have hired him. CETA gave you a way to bring him on until the budget opened up and there was a slot for him. Is that unfair?

Mayor LANDRIEU. Yes. And not particularly accurate.

If the Brookings Institution study is right—and we think it is a very comprehensive study—it indicates only 18 percent substitution—I would have thought it was larger than that, to be honest with you—their study indicates only 18 percent.

Now, the presumption is that local government is either a static or a growing source of employment. That is a fair assumption. Local government for the most part is not static or a growing source. It is a decreasing source of employment, except for these programs.

Senator RIEGLE. Would the Senator yield just briefly?

Senator CHAFEE. Sure.

Senator RIEGLE. I thank you for yielding.

I do not put much stock in that 18 percent figure because there are a lot of different ways that you can work at the sort of a substitution impact. Let me give you one illustration in the State of Michigan.

Three cities: the city of Detroit, 10 percent of the city payroll, city employees, are now CETA funded. The city of Livonia, which is a suburban community, and it is a satellite area of Detroit—quite a different profile—shows the same 10 percent factor in terms of their employees being CETA funded.

To the north, a smaller city than Detroit, but urban center, with some distress, Pontiac, 20 percent of the city employees there are CETA financed. So apart from the whole question of substitution, as to whether or not a CETA person is taking a job of regular employees, what is happening, at least in our region of the country, is that the CETA funded employees have become such a large percentage, and in fact sort of permanent component of the city municipal work force, that it has taken on a different character.

So therefore I think, at least insofar as we look at it, that 18 percent figure from Brookings starts to lose its meaning.

I thank the Senator for yielding.

Senator CHAFEE. Thank you, Mr. Mayor.

Senator NELSON. Well, Mayor, let me say I agree that you should have as much flexibility as possible in administering programs at the local and State level. In all of these programs, I have argued for that for years. Categorical programs that are run out of a Federal agency, Labor Department, et cetera, have become a tremendous tangle of redtape. I have great confidence in giving flexibility to municipal and State government. I believe the jurisdiction will get a far better overall result. Some programs are run well and some are not. When the Federal Government runs various programs, I believe they encounter great difficulties.

Also there must be a benefit to State and local governments in these programs, and I think there is. One of the very large benefits, when one deals with structural unemployment; is that if structurally unemployed persons receive training or get a job in government they are not on welfare. Criminal problems are diminished. There are

man's peripheral and important benefits whenever you employ someone who is structurally unemployed. For example, youth are either going to get the opportunity to work at some time during their late teens or else they may become a very serious problem to their community. Youth unemployment will be an extensive problem for many years to come. I know you understand that very well, having dealt directly with that kind of problem as a very distinguished mayor for so many years.

Mayor LANDRIEU. Senator, I think you hit upon something that has to be expressed; that is, we expect miracles out of these programs. I promise, the programs in New Orleans, St. Louis, Newark, Detroit, Cleveland, just to mention a few cities, are extraordinarily deep.

I think we do a disservice to the country when we feel that passing of a program such as this has solved the problem. I know that is oversimplification, but to come back and review a program if it has worked the past 2 years, and we are distressed that great progress apparently has not been made—I remember immediately passing general revenue sharing, President Nixon, in his Presidential message to Congress, declared the crisis in the cities is over, just because we passed a $6.5 billion revenue-sharing bill—$5 billion at that time.

All this did was to give us some breathing time. Even with the passage of that, most cities, most large cities, while they are responding now with some downtown growth, and you can see it taking place in downtown Boston; you can see it in New Orleans, St. Louis, Baltimore, Detroit, there are some blossoms coming back. There is no question those budgets are under enormous pressure. They are going to be under enormous pressure for a long time to come.

We are getting back now some new residential rehabilitation in center cities. Neighborhoods are starting to bounce back. In my judgment it is a 15- to 20-year program. We are not going to turn them around overnight.

This program has been extraordinarily helpful to us in gaining some time. What is misunderstood, I think, is that cities somehow, they are sitting there with surpluses and it always amazes me that the researchers at the national level do not grasp the difference between what is construed to be local surplus and a Federal deficit.

The Federal Government like local government has one budget. You buy all your capital assets out of your operating budget and you are not—well, a 20-year bond could go to a fire station and to build a police station, recreation center, and you are building post offices and building Federal courthouses and dams and water projects and buying military hardware out of your operating expenses. You show a $60 billion deficit.

On the other hand, you go look at the local government, very few of us are permitted to run in an operating deficit, so it looks like we have surpluses. What is not taken into account is, another budget, which is the capital budget, which is the borrowing budget. To the extent we borrow each year, the situation in New Orleans is we issue $25 million worth of bonds, at the same year the operating budget is balanced, that represents a $25 million deficit for that city using Federal Government accounting principles.

The other factor is that we have severe service deficits. If you ever want to see a difference between local operation and a federal opera-

tion, you take a look at parallel systems where we are operating parallel systems. One place is the courthouses, looking at the Federal courthouses and the local courthouses, and you will find which one is a Taj Mahal and which one is operating out of an outhouse. Wherever you are operating local and Federal on a parallel basis—I have never seen the Federal government operating out of a poor building, badly maintained building. The local governments all over the country are operating out of poor buildings and unsafe buildings. Why? Because we are poor managers? No. Because we don't have the money. There is not any question that the money is at the Federal level and not at the local level.

I am not ashamed at all to say that this program has frequently benefited our city. We believe that was part of the intention of the legislation. We do not think we have abused the program, and we have certainly tried not to cheat.

There is one other thing I would like to say; that is, it is impossible for us to make these programs work if we keep changing the thrust of the programs and keep changing the regulations and policies. It takes us a long time to develop a process that will work. I do not think that 3 years or 4 years is frankly sufficient time. We have not even had that under these bills. We got into this stuff in the early 1970's because there was a great recession on hand. The incumbent administration forced Federal money into the cities, summer jobs programs, gave us quotas that we had to hire x number of people, otherwise you lose your money.

We did not have a structure set up. We got very little technical assistance from the Department of Labor in terms of how to handle these programs. Nobody told us that we had to have central intake divisions.

In order to absorb that many people, we had to contract out with charity hospitals, school systems, with agencies, nonprofit agencies that worked. Now, 3 years later, we come back and say, hey, some of the stuff did not work exactly like the regulations said it worked. They always forget they force-fed you and made you do certain things at that time. An enormous amount of time spent at the local level doing nothing other than meeting these regulations and having hassles with the auditors and with the regional guys.

We want to be helpful, but also have Congress looking down their throats because they know sooner or later they are going to be called back in an oversight hearing or called back on a re-enactment bill. I think flexibility and patience and understanding that we are not going to cure the world with this program or any other single program we have is of paramount importance.

Senator NELSON. Thank you, Mayor.

Senator RIEGLE. I have one question I would like to have you—rather than take more time now—I appreciate what I have heard in your testimony, and there are other witnesses waiting—and I would ask you to submit this for the record.

I am interested in having this, in addition to what you have been saying; that is, as you take your own experience in your own city, the universe of CETA employees who have come through the CETA process; then start with that number and determine what percent of those have moved off the CETA payroll, say, onto the city on-line budget; what percent has moved out of CETA into private-sector jobs,

and I would define "private sector" as almost anything other than your own shop. It can be State government; how many have we made sort of revolving-door CETA employees, where they become Flying Dutchmen?

We have had CETA witnesses who have been in CETA programs for as long as 4 years. They do not end up going anywhere.

How many have spun out of the CETA program, finally, and are still unemployed? I do not know if there would be another category of disposition other than those, but I think that would cover it. I would just like to know what your experience has been as measured by those categories of disposition.

Mayor LANDRIEU. We will do that for you.

Senator RIEGLE. Thank you.

Senator CHAFEE. I have one other question.

Mayor, let me ask you a question here. I do not blame you for not wanting to be a structurally unemployed employment agency, because you have to get your work done. As your park commissioner said, he did not want a lot of these people around; it took more trouble than it is worth supervising.

But what would you think, if you do not want 100 percent, I think any percentage you can give us roughly that we might lay on the cities to give us a handle on this problem of what we at least—I consider the fundamental objective of this—which is so-called structurally unemployed—and is there any statistical percentage you would go for?

Mayor LANDRIEU. I would not try to grab a figure out of the air. I think it may be an approach that is worthwhile looking at, just to make it done on a percentage basis. I could not snap off a figure for you at this point. I wish I could.

Senator CHAFEE. Thank you.

Mayor LANDRIEU. I will be happy to take it back have staff look at it and see if we could not find some reasonable position that would be willing to advocate that.

Senator CHAFEE. Thank you.

Thank you, Mr. Chairman.

Senator RIEGLE. I understood from what Senator Chafee just said that there was some concern about the kind of people you had to slot into positions, and presumably if you had to take the hard-core structurally unemployed, that there might come a time or point at which you would say benefits to the city trying to slot folks in was just less than the time and effort required by the city, and therefore you would have to really make a decision as to whether or not you would want to participate or go ahead.

Mayor LANDRIEU. That was a personal view. I was not speaking for the conference; just as a local politician.

Senator RIEGLE. That is your view?

Mayor LANDRIEU. Yes.

Senator RIEGLE. Is that really the same thing as saying if the program were directed at the structurally unempolyed, hard-core unemployed, that was the universe you had to work with and you were also stuck with dollar ceilings that were relatively low so you could not sort of break out in that part, are you saying if this were the nature of the program, you would basically do without?

Mayor LANDRIEU. No; I would not be that strong.

You would have to put in there—the toughest part is the training business; that is the toughest part of all, to make that work.

Senator RIEGLE. Maybe we should not be trying to do it in the public sector. I understand you need money, and almost in revenue-sharing form. Maybe local governments are not the place, and we ought to try to do training for the structurally unemployed, and we ought to pull money out of there and send it to other prime sponsors and other really trained focus operations to get the hardcore unemployed trained sufficiently so they can go out and work.

Maybe it is not fair to ask you to do that job.

I know you would like the money and help if you could sort of work out the match here.

Mayor LANDRIEU. There is really a dilemma here. We think we have been that route before and it has not worked. You may want to go back to it again.

Senator RIEGLE. Which route? The route of your not doing the job?

Mayor LANDRIEU. Yes. Of our not being prime sponsors, and Feds dealing with other agencies out there to do the training. We think we are more capable than anyone else of doing it. We are simply saying: Do not hug us so tight that we cannot do it for you. We honestly believe if you are going to put your faith and trust in somebody, put it in people who have been elected at the local level, who have responsibility, who can be subjected to the kinds of things that all of us in public office are subjected to.

But understand our limitations and do not expect us to work miracles.

Senator RIEGLE. We are sympathetic to that point of view. My father was a Mayor of the city of Flint, and I am very sympathetic to that argument.

At the same time, if we are going to target in on the hard-core unemployed, which is the toughest part of the issue, in terms of training, retraining, getting people slotted into permanent work, if that is where we are going to focus the program, and you say it works a particular hardship on local governments, if you use the PSE route, maybe we should be. If that is what we are going to target, are you not in effect telling us that maybe cities are going to have to play a smaller role?

Mayor LANDRIEU. No.

I would tell you from my personal standpoint I see a point at which I would suggest to you that you get somebody else to handle the program, from my personal standpoint. If in fact we get only hard-core unemployed, if in fact we are not permitted to use appropriate administrative costs to buy equipment and to provide for supervisors, you would ultimately reach a point where I as a politician would say, Senator, I appreciate your wanting to do this for us; I think you ought to get somebody else to do it. I think it would be a tragic mistake for the Federal Government to go that way.

I do not know who else is going to employ them.

I would appreciate it if you would tell us who you feel would employ those unemployed, structurally unemployed folks.

Senator RIEGLE. If we solved the tools of administrative supervisory expenses, if we are going to be dealing with that category of worker, and so forth; if that part of the worker is taken care of, you are not

testifying that you cannot get the job done with the person who fits the profile of hard-core unemployed; you are saying you can do it; it is a tough job, and if you have got to do it within these tight confines, you would still elect to do it rather than not to do it?

Mayor LANDRIEU. Yes, sir.

I would say to you do not call us back and say, mayor, you have been a failure because you have not taken those structurally unemployed people and moved them into accountants' aides and supervisory people. Moving those folks from out of that labor classification, whether you call them raking leaves, and believe me if you have got a tree in your yard, raking leaves is important, if your wife wants you to rake them. Somebody has to do that.

I am saying to you it takes a long time to move that person out of that level into something that I hear Congressmen talking about is more meaningful work. It takes a very long time.

There are people who work in our sanitation department—forget about CETA—that want to work. They work in that sanitation department. They started there 15 years ago, and they end up in the same job 20 years later. It is not because they are not ambitious people; they worked hard. They look at their jobs as a service job, and they are proud of it. They do not look at themselves as failures because they have not become a supervisor in a white-collar job. The same thing is true of the parkway commission.

Each month, we get x number of employees who retire from city government. I think you would be amazed at the number of people who went to work with parks and the parkway commission, people who had limited education, who took enormous pride in their work. Somehow or another when we get to the national level, we say, hey, that is not good employment.

Senator RIEGLE. I used to do that job myself, and there are days when I am willing to give this one up for that one. I have taken enough time. I do not want to cut you off with your response.

Mayor LANDRIEU. I know you have other people. We have gotten so in theory not thinking that somehow or other we do not recognize those jobs as meaningful jobs; many thousands and thousands of people have raised their families on what we consider to be menial jobs, $400 or $500 a month. My father never made more than $500 a month in his life, but it was blue collar work, proud of it, and now I am proud of him. All of a sudden every person we take into a program we are supposed to show track work where that fellow is a space scientist. I cannot do that.

Senator NELSON. Thank you very much, Mr. Mayor. We appreciate your very valuable testimony this morning.

[The prepared statement of Mayor Landrieu follows:]

NATIONAL LEAGUE OF CITIES

UNITED STATES CONFERENCE OF MAYORS

STATEMENT BY

THE HONORABLE MOON LANDRIEU
MAYOR OF NEW ORLEANS, LOUISIANA

ON BEHALF OF

THE NATIONAL LEAGUE OF CITIES

AND

THE UNITED STATES CONFERENCE OF MAYORS

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, & MIGRATORY LABOR
OF THE
SENATE COMMITTEE ON HUMAN RESOURCES

ON

REENACTMENT OF THE

COMPREHENSIVE EMPLOYMENT & TRAINING ACT

March 6, 1978

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Senator Nelson, Members of the Subcommittee, my name is Moon Landrieu, Mayor of New Orleans, Louisiana. It is indeed a pleasure to appear before you today to discuss the future of a program that has meant so much to the nation and its ability to cope with one of its most pressing problems -- unemployment -- and to assist its cities where the problem is manifested the most.

To achieve full employment, it is necessary to mix programs and strategies. No single program can be expected to effectively achieve all of the needed results. Current legislation before this Committee will go a long way toward committing the nation to this course of action. The Comprehensive Employment and Training Act is an example of a program that can help to bring about the realities of full employment.

Mr. Chairman, despite the many problems facing CETA, and I will touch upon them later in my statement, the program has overall been successful. On behalf of the National League of Cities and the U.S. Conference of Mayors, I would like to commend you and the Subcommittee for your past support of CETA.

CETA is a very unique program and it represents one of the first efforts of Congress to decategorize and decentralize the federal training and employment programs. The placing of primary authority for implementing manpower programs in the political jurisdiction was a wise action. The creation of the prime sponsor mechanism for controlling in an equitable, prudent, and logical fashion the administration and delivery of needed training and employment services has also been a wise course of action.

Over the last few years, there has been much criticism of the effectiveness of cities in operating the public service employment program. We are accused of using a federal program to bail out the cities. That this impression has stood unchallenged so long means, in part, that we have failed to explain adequately what has been happening and why. Part of the blame must also be shared by the numerous report writers -- with the exception of the Brookings study released last week --none of whom relied on direct observation of the program at the local level.

The impact of the economic recession of the last several years was felt most keenly at the local level because cities have the narrowest economic base. There is simply less room to make adjustments in the public sector at the local level than there is anywhere else. Faced with increasing unemployment and subsequent losses of local revenues, a large number of municipal officials -- who in many cases are prohibited by state law from deficit spending -- were forced to impose hiring freezes or for the first time to layoff public employees. The demand for the services provided by these former employees does not leave with them and CETA participants have been moved into some of these positions. The need to provide essential services, such as police and fire protection and trash collection, cannot be deferred until the economy improves. If using CETA funds to provide services which would not otherwise be provided by hiring individuals who would otherwise be unemployed is "substitution," we are guilty as charged. In our view, a view refreshingly shared by Brookings, that is not substitution: it accomplishes the objective of the program by employing the unemployed and it allows cities to provide essential service to the community that would otherwise be curtailed.

Even where there is actual substitution or displacement -- in other words, hiring PSE participants for jobs, that otherwise would have been funded with local revenues -- the total percentage is only 18 percent. Such a figure is much lower than has been generally perceived. Another way of putting it, is that 82 percent of the dollars went for real job creation. And, Brookings points out that the persons in substituted jobs are more structually unemployed then those in non-substitutive jobs.

The most fundamental issue with regard to PSE which has led to the controversy, is the uncertainty over its purpose -- as stated in the law, as perceived by federal policy makers, and as actually implemented. It is viewed as a panacea for solving a multitude of problems related to employment and to the economy, for attacking structural unemployment and for reaching special target groups. It is viewed as transitional employment with the participants eventually moving into unsubsidized jobs. And it is viewed as a means of pumping money into the system and thereby stimulating the economy.

These goals are inconsistent. Overcoming structural unemployment cannot be done quickly. The persons affected have poor or no attachment to the labor market. They need job development services, labor market orientation services and they need experience in a working environment.

The participants in the program differ greatly according to their situation prior to entering public service employment. The welfare recipient, one of the targets of the program, has all the problems related to lack of job skills I have just described. The young adult, who may never have held a job, may have social pro-

blems as well, which require a different kind of service. And then there are persons who have been unemployed a relatively short period of time, who have a history of stable employment, and whose employer may have been adversely affected by the recession. Those persons are job-ready.

In periods of high unemployment, we must not have false expectations with regard to the results of public service employment. If the primary goal is to pump the economy, then cities must place the cyclically unemployed, job-ready persons, to a large degree, in the slots.

The Brookings study corrects another misperception -- that the preponderence of PSE employees are white and middle class. The report claims that as high as 75 percent of PSE participants in cities are minorities and that among prime sponsors overall, the proportion of minorities participating in the PSE is considerably higher than the minority percentage in the general population of the jurisdiction in question. Many of the participants are also high school drop outs. Importantly, the data shows that about 60 percent of the PSE participants in cities are economically disadvantaged.

We believe that many of the criticisms of the program can be eliminated by clarifying the intent of public service jobs programs. Two distinct programs, designed to address two distinct and very different problems will go a long way towards this end. We firmly believe that regardless of the national unemployment rate, there should be a public service jobs program available to individuals with little or no attachment to the labor force. By the same token, we also believe, that when national unemployment reaches unacceptable levels, there should be an automatically triggered

appropriation available to meet the needs of cyclically-unemployed individuals.

Mr. Chairman, many have raised the issue of prevailing wage versus the minimum wage in a federally funded program. It would be unfair and inequitable to pay public service employment participants at the minimum wage or anything less than the prevailing wage received by persons employed in the same or comparable occupations of the same employer. Certainly, it would be contrary to the principle of equal pay for equal work. Moreover, it would make it very difficult for an employer to be able to place a PSE participant in jobs similar to those of regular employees; consequently, career development of the participants would be thwarted and essential public service work would not be able to be performed by them.

With your permission, I would like to submit for the record a fairly detailed and lengthy statement on the Administration's CETA re-enactment proposal on behalf of the League of Cities and the Conference of Mayors. I would also like to submit testimony on BLS statistics before the House Post Office and Civil Service Committee; NLC's Employment and Income Security Policy statement; and USCM's policy on employment and training. I am pleased now to summarize the major points on the CETA re-enactment proposal.

We believe that over the past four years CETA has been and remains a program of vital importance to the nation's unemployed and underemployed. It has been an effective instrument for responding to local unemployment conditions and is a substantial improvement over inflexible categorical grants. The concept of prime sponsorship has worked well and is a system which should be supported and built upon.

Our major concerns with the Administration's proposal are that we see a subtle and gradual erosion of those concepts which have made CETA work and operate effectively. In lieu of using its monitoring and enforcement capability, the Department of Labor is proposing chipping away at the decentralized and decategorized nature of the program by addressing limited and isolated problems thru unnecessary and restrictive legislative provisions.

The most blatant examples of legislating what the Department is unwilling to deal with through its administrative responsibilities:

-- mandating a prime sponsor to continue its mix of employment programs as funded in FY 77 regardless of their continuing relevance;

-- forcing the prime sponsor to justify to state governments its program decisions which were based on local needs and conditions;

-- encouraging the development of adversary relationships and diminishing the accountability responsibilities of prime sponsors at the local level by funding an independent staff for the advisory council;

-- limiting the time a participant can spend in a public service job regardless of local economic conditions.

-- establishing unrealistic salary ceilings without regard to local cost of living factors and restricting the use of local revenues to supplement these ceilings; thus, potentially forcing PSE participants into menial, make-work jobs;

-- establishing national performance standards which may or may not be relevant to locally-determined priorities.

needs and economic conditions;

-- allowing the Secretary to reallocate, suspend or terminate a prime sponsor's funding without due process;

-- continuing the movement toward designating certain community based organizations as presumptive deliverers of service without adequate consideration of past performance;

-- expanding the Secretary's discretionary authority via regulations.

Recognizing the desire to develop a visible effort to involve the private sector more substantially in employment development programs, we can appreciate the rationale for developing a separate Title VII. However, we would like to raise the issue of the trend toward further duplication and recategorization that we believe this represents.

As you are aware, the Bureau of Labor Statistics is now in the process of changing its method of collecting unemployment statistics. While it would not be appropriate for me to go into the technical details here of what is being done, I do wish to emphasize that the new procedures can have significant impact on the distribution of CETA funds. Unfortunately, the data which will be made available by BLS will not be adequate to assess the impact of the new procedures. BLS representatives have acknowledged this in meetings with our staff and CETA prime sponsors.

It is vital that the policy makers in Congress meet with the statisticians to determine what objectives are to be achieved and how best to collect the data necessary to achieve these objectives. Once that information is obtained, Congress will then be in a position to determine whether they wish to spend what is

necessary to obtain the data on which they base funding allocations which will treat recipients equitably.

Mr. Chairman, members of the Subcommittee, we appreciate this opportunity to present our views. It has been our experience in the past, that this Subcommittee has been extraordinarily responsive to the concerns of the nation's cities. I wish to take this opportunity to acknowledge and thank you for that. We would also hope that our continuing good relationship will result in a CETA re-enactment proposal that first and foremost will meet the needs of all the nation's unemployed and secondly will result in a program that can be effectively and efficiently operated at the local level. Mr. Chairman, if there are any questions, I would be pleased to answer them at this time.

NATIONAL LEAGUE OF CITIES

UNITED STATES CONFERENCE OF MAYORS

STATEMENT TO ACCOMPANY

TESTIMONY BY

MOON LANDRIEU
MAYOR OF NEW ORLEANS, LA.

ON

REENACTMENT OF THE

COMPREHENSIVE EMPLOYMENT & TRAINING ACT

1620 Eye Street, N.W., Washington D.C. 20006 / 202-293-7300

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The Administration Bill (S. 2570) on first glance recognizes the successes of the CETA system over the past few years by calling for a four year authorization, providing the possibility of advance funding to permit more rational planning, and proposing a permanent public service employment title that is partially tied to national economic conditions. Further, there is an attempt to simplify and consolidate administrative requirements and procedures by placing organizational and general provisions into one title. However, the Administration Bill takes potentially large steps backwards in several key areas from the successful employment and training system set up in 1973. It is because of these serious deficiences that the U.S. Conference of Mayors and National League of Cities have reservations about the Bill as presently written.

The major problems fall into four general categories: decreased local flexibility, increased centralization, re-categorization, and increased administrative and paperwork burdens. These categories obviously are not mutually exclusively as I shall discuss below, with an increased federal role being especially tied to decreased ability of prime sponsors to design local programs. In addition, we believe that Title VI contains inadequate funding mechanisms for public service employment programs and inadequate provisions for dealing with cyclical unemployment. Finally, many important provisions are inappropriately vague, this vagueness undoubtedly will lead to lengthy and overly restrictive regulations that are contrary to the intent of Congress.

The two provisions which most dramatically reflect the decreased flexibility for prime sponsors are sections 103 and 212 of the Bill. Section 103 obligates the prime sponsor to include in its Title II program supplement a description of "the services to be provided, the performance and placement goals, and the relationship of such goals to the Secretary's performance standards." We recognize that the federal government has an important monitoring role, most properly carried out through a rational and enlightened review and assessment process at the federal regional level. However, this provision goes much beyond that by inferring that a prime sponsor's Title II plan will not be approved if the locally determined goals do not conform to the Secretary's performance standards -- standards which in all probability will not reflect accurately the unique economic and social conditions in each of the prime sponsor's individual jurisdictions.

Section 212 would not only prohibit public service employment and work experience from constituting more than 50 percent of a prime sponsor's Title II allocation, but also prevent the prime sponsor from deciding what is the best program mix for its area by restricting other activities to the same share of Title II as they made up in fiscal year 1977. This would be especially damaging if this provision were interpreted in regulations to mean that each individual program activity had to be no less than the percentage allocated in fiscal year '77. It is clear that because of isolated program abuses, the Administration has proposed a provision which runs completely contrary to the principle of decen-

tralization. Under section 108(c) of the present CETA legislation, the Secretary cannot disapprove "any plan solely because of the percentage of funds to a particular program or activity authorized under section 101 of the Act." This section should be retained in the CETA reenactment and the language of the proposed section 212 deleted. Rather than proposing such inflexible language and, in effect, abdicating its monitoring responsibilities, the Department of Labor should assume its role in an effective and equitable manner by ensuring through its application review process that program activities involve adequate training and other programmatic components and serve the proper clientele.

Another serious inroad is made on local flexibility under sections 103(c)(8) and 106 (c)(3) by a potential assumption by the federal government in terms of which organizations are the proper service deliverers. Under section 103, the prime sponsor must list organizations of "demonstrated effectiveness" and under section 106 the prime sponsor's funds can be terminated for not giving "due consideration to continued funding of programs of demonstrated effectiveness." No specifics are provided on what "demonstrated effectiveness" means, but past experience shows that the Labor Department interprets this phrase to refer principally to longevity, rather than positive performance. Presumptive service deliverers should not be part of CETA; consequently, section 103(c)(8) should be deleted. Section 103(b)(1)(D) is sufficient since it requires the prime sponsor to describe "methods and criteria to be used in the selection of the deliverers of service."

Section 103(f) of the Administration's Bill requires prime sponsors to utilize the planning councils for the "development of, review of, and comment on their plans" and section 109 requires sponsors to provide independent staffs to planning councils which are accountable solely to the council. Section 104 of the original Act gives the council an advisory role through monitoring and evaluation and requires the prime sponsor to provide staff support. Advising on programs and staff support are entirely different from developing plans and independent staff. The proposed provisions would detract from the accountability responsibilities of the prime sponsor and create a potential adversarial relationship between the prime sponsor and the planning council. We believe the proposed provisions are being advocated because of some situations which existed when the CETA system was in its infancy. Planning councils generally are now able to fulfill the role set out for them in present section 104. Therefore, the language of that section is adequate; where that is not the case, the Labor Department has sufficient enforcement mechanisms to correct problems.

Section 103, section 104 and other sections of the Bill give greater roles to the State Employment Service, the Governor, and the State Employment and Training Council. Prime sponsors have to give reasons for rejecting any recommendations of the Governor or the Council. The Bill strongly implies that a prime sponsor's plan may very well not be approved if the prime sponsor fails to adopt such recommendations. On these issues, it is very important to point out that the four Public Interest Groups representing prime sponsors unanimously agreed at a meeting in mid-February

that the legislative language should simply require sponsors to submit their plans to the Governor for review and comment and consider comments made by the Governor. These groups also agreed that the resource allocation formula under the Wagner-Peyser Act should be eliminated, funding through block grants should be provided to the Governor for the Employment Service activities, and the Wagner-Peyser Act should be rewritten in concert with CETA's reenactment. It was felt that the problems of coordination between ES and CETA could not be solved by looking at CETA alone. In terms of the proper function of the Employment Service and the general role of the state, we wholeheartedly subscribe to the principles of non-duplicative services and coordinated planning and programs. However, these situations can only evolve through mutual trust and respect -- not through narrow, legislative prescriptions.

Other major limitations on the prime sponsor's ability to design and implement a program meeting the local needs include the provisions of sections 123(a), 123(j), and 608. Section 123(i) limits the time a participant can spend in a public service employment program. It ignores local economic conditions which prevent transitioning large numbers of public service employment participants to unsubsidized jobs. Section 123(i)(4) does allow for a waiver of the 78-week limit, but such waiver would only be temporary, apply only to those persons now in the program, and be granted in only limited circumstances. There is obviously the strong possibility that the waiver would become very arbitrary and political in nature. Most importantly, particularly in economically depressed areas, the 78-week maximum duration will place previously unemployed persons back on the

unemployment rolls through no fault of their own, and thus cause further hostility toward and disillusionment with government programs on the part of the unemployed.

Section 123(j) and 608 tightly restrict the amount of local revenues which prime sponsors may use to supplement the wages of public service employment participants. It ignores the fact that public employers in many sections of the country pay prevailing wages for entry-level jobs higher than the $10,000 limitation contained in the Bill. Thus, the supplementation restrictions should be delated and the $10,000 limitation increased to reflect cost of living changes and geographical variations. The prevailing perception seems to be that supplementing salaries enables prime sponsors to hire highly skilled persons for high level professional jobs. The facts show that participants are increasingly the most disadvantaged and that supplementation occurs for entry-level jobs with a good portion going for unskilled jobs. What the proposed restrictions will do is place participants in menial, make-work jobs where there is little possibility for transitioning or career advancement, or even eliminate local public service employment programs. Somehow, it has been forgotten that one of the goals of the present public service employment program is that participants be assured "career opportunities and job advancement potentialities" in both the private and public sectors.

Furthermore, we are told that the supplementation and duration restrictions -- along with the strict eligibility requirements -- are designed to prevent substitution. The Brookings study refutes the widespread perception on the extent of substitution. More

importantly, these restrictions will not prevent substitution where it does exist. Wage supplementation is only occuring for entry-level jobs in high wage areas and the maximum limit on a person's participation will not prevent any employer from placing new participants in these same jobs. Moreover, the Brookings researchers found that where substitution is occuring, the participants are more structurally unemployed than those participants in the non-substituted jobs.

While the language in the Bill is unfortunately ambiguous, section 605 seems to require that public service employment (PSE) funds can only be spent on 12-month projects. This language should be clarified to read that prime sponsors may expend funds for regular-type public jobs or on projects. Also, projects should not have a 12-month limit. On the question of only the project duration, we wonder how the Administration expects the prime sponsor to administer a program where projects can only last 12 months, but participants can be in the program 78 weeks. To allow only projects -- regardless of their length -- would be in many instances contrary to the sponsor's responsibilities under the present CETA legislation where it must assure that jobs will address the "priorities" among "unmet public service needs." To allow only projects and not jobs which would supplement the regular work force means that in areas with serious revenue shortfalls, PSE will provide "fringe" and non-essential public services. This problem will become especially acute during times of high unemployment when revenues lag due to the economy. In addition, it overlooks the fact that one reason the PSE expansion has not occurred as quickly as some might have hoped and as a

responsive economic program ideally would call for is the difficulty of designing and staffing projects rapidly.

There are several provisions dealing with services to significant segments and special groups which cause us concerns relative to unreasonable burdens imposed on prime sponsors and limitations on their local flexibility and ability to respond to local conditions. For example, does the specific reference to Vietnam-era veterans in subsection (u)(1) imply that a quota system shall be established by the prime sponsor? Also, how does this requirement square with the requirement to provide services to those most in need?

Finally, on the question of flexibility, even where the Administration has added provisions to "loosen up" the present system, it at the same time has limited the chances of "success" of the new provisions. For example, PART C of Title II now will allow upgrading and retraining programs without regard to other eligibility requirements. This part removes one of the major stumbling blocks to participation by the private sector. However, section 203 places an arbitrary 5% limitation on the amount that a prime sponsor may use from its allocation for upgrading and retraining programs. This provision could work to seriously impede those initiatives under Title VII relative to the private sector. Additionally, the arbitrary limitation could hamper efforts to tie the local CETA program to an EDA Title IX project designed to overcome the adverse effects of sudden economic dislocation or long-term economic decline. At the very minimum, Congress should provide a mechanism to waive that limit when it can be effectively demonstrated by the prime sponsor that the

purposes of the Act will be furthered by upgrading and retraining.

A draft version of the Administration's Bill contained a Title III Part C that would have permitted federal agencies, AMTRAK and CONRAIL to accept PSE enrollees. This would have provided more flexibility to prime sponsors and improved programs. We wonder why it was deleted.

As stated earlier, reduced flexibility in the Bill usually means a concomitant increase in centralization at the federal level. For example, the Secretary is allowed under section 122(j)(2) to issue on an area basis, standards with respect to average federally-supported wage rates for public service jobs. Presumably, this means the Secretary can set arbitrary job quotas for a prime sponsor which, if not met, can be the justification for the Secretary's reallocating the prime sponsor's funds.

One provision under section 104 in the Administration's Bill goes beyond simply requiring a prime sponsor's plan to be in conformance with the Act by giving the Secretary the authority to disapprove a plan if the prime sponsor does not take action to "improve the administration and effectiveness of its program," as determined by the Secretary. This provision vests an extraordinary amount of authority in the Secretary to require arbitrary actions based upon possibly very subjective determinations.

Section 106(d) provides that the Secretary can terminate or suspend financial assistance when he determines that an "emergency situation" exists. Very significantly, the prime sponsor does not receive prior notification or opportunity for hearing under this section. Since the Administration's Bill provides no definition as to what constitutes an "emergency situation,"

and since that determination is made at the Secretary's discretion, this provision places an unreasonably powerful stick in the hands of the Secretary to influence prime sponsor actions or force compliance with secretarial demands. Certainly, it is unwarranted by program experience.

Relatedly, section 108 provides the Secretary with the authority to "reallocate any amount of any allocation under this Act to the extent that the Secretary determines that the recipient will not be able to use such amount within a reasonable period of time." It should be noted that these reallocation actions are not subject to the judicial review process, and simply require advance notice by the Secretary and publication of his decision in the Federal Register. Additionally, the Secretary is not required under the Bill to ensure that those program funds are directed toward serving the unemployed, underemployed and economically disadvantaged in the prime sponsor area through an alternative mechanism. Congress should not permit the Secretary of Labor to deny vital services to those most in need on the basis of his discretionary and subjective judgement that "funds are not being spent rapidly enough." Indeed, such a circumstance strongly warrants additional assistance be provided to the prime sponsor by the Secretary so that vital program goals can be achieved. Congress should insist that positive assistance, rather than punishment, be rendered by the Secretary.

Under section 106(c)(2), termination of funding also can occur if the prime sponsor incurs "unreasonable administrative costs in the conduct of activities and programs, as determined pursuant to the Secretary's regulations." In order to protect

the right of prime sponsors to design programs responsive to local needs and conditions -- including those in which costs may be higher because of the increased services which need to be provided to the structurally unemployed -- Congress should provide that funding termination based on administrative cost factors can only occur in the event that a prime sponsor incurs such administrative costs in an amount significantly above that approved in the grant plan. And, the amount approved in the plan should be based on local needs and conditions. Likewise, section 106 allows the Secretary to revoke a prime sponsor's plan for failure to give "due consideration" to programs of "demonstrated effectiveness" What is "due consideration" and "demonstrated effectiveness" is properly determined by the prime sponsor's performance criteria for such organizations.

There are a number of provisions which are subject to the Secretary's regulations and activities which are allowable "pursuant to regulations of the Secretary." To the extent that such regulations reflect the intent of Congress, such provisions are not unduly burdensome. However, as indicated below, many sections of the Bill need to be clarified by Congress. Moreover, since the Administration Bill deletes the requirement contained in section 702 of the present CETA legislation that "all rules, regulations, guidelines and other published interpretations or orders shall be transmitted to the appropriate committees of the Congress at the same time that they are published in the Federal Register, and shall contain with respect to each material provision therein citation to the particular substantive section of law which is the basis therefore," there appears to be a sound basis for concern about such provisions. Prime sponsors should not be subject

to plan revocation and funding termination on the basis of non-compliance with regulations that may not reflect Congressional intent and which have not been subject to Congressional review to determine their statutory validity.

On the issue of what is required by regulation, Section 103 of the bill provides the Secretary with broad authorities to require "such information" from prime sponsors in their comprehensive employment and training plans "as the Secretary requires by regulation". Despite an exhaustive list of information requirements which must be met by prime sponsors under the legislation and Section 103, the Secretary is allowed in Section 103 to broaden those requirements at his complete discretion. Section 128 of the Administration's bill states that "the Secretary shall make such reports and recommendations to the President as the Secretary deems appropriate...." But, the Secretary,under paragraph (d) of this section, "may require each prime sponsor to prepare, and make available to the public, periodic reports on its activities under the Act" with such reports containing "such information as the Secretary may require". Thus, the Secretary reserves the right to decide what reports the Labor Department will submit to the President, but he can require prime sponsors to submit detailed reports to the public when he chooses.

It is obvious that many of the above discussed provisions constitute not only less local flexibility and more centralization, but also point toward increased categorization. While the U.S. Conference of Mayors and the National League of Cities laud the Administration's recognition of the need for private sector involvement in employment and training programs, Title VII itself amounts to a categorical thrust. All the activities suggested in this title basically can be, and already are, conducted by prime sponsors, and should remain within their area of authority. The private sector involvement suggested under Title VII should be part of all CETA titles. The upgrading and retraining part

of Title IX, along with hopefully significantly reduced unemployment rates and fewer private sector layoffs than has been the case while CETA has been in effect should facilitate such involvement. Indeed isolation of this important objective in a separate title runs the danger of inhibiting coordination with the private sector throughout the full range of CETA titles.

If Congress feels that a separate mechanism is needed to gain the desired participation and commitments of the business community, at least three areas need to be clarified in the Bill. First, it must be stated concretely in the Bill that the Private Industry Council should perform an advisory role and not have veto power over prime-sponsor proposed private-sector initiatives. Section 704(b) says that the Council shall "participate" in the development of programs; nevertheless, this provision, without further clarification, easily can be interpreted as the authority to "approve." Discussions with Administration officials and Labor Department released documents indicate that the Administration will be giving the Councils such a veto authority in the regulations. Second, a particular Council membership composition should not be mandated; prime sponsors should be allowed to identify previously established local business advisory groups as the Private Industry Advisory Council. Third, it must be clearly stated that funding will go to the prime sponsors on the basis of the Title II allocation formula. Section 703 in the Bill only says that the allocation of funds would take "into account the factors set forth in Section 202(a)(1)."

Another indication of further categorization is the proposed funding authority for Title III. Title III calls for national programs run by the Secretary that are mainly categorical in nature. Section

112(d) would call for 20 percent of the amount appropriated under the Act, excluding only amounts made available under Title VI, to be available to the Secretary for carrying out the provisions of Title III. This 20 percent represents an increase over the amount authorized by the present legislation and is entirely too high. We suggest 20 percent of Title II or 10 percent, if the present language is kept.

It should be pointed out that the Administration's budget proposal calls for $200 million in budget authority for welfare demonstration projects. Congress should make clear, through legislative or report language, that the wage rate and other standards for PSE under the demonstration projects should not be lower than that required for PSE elsewhere in the Act.

The decreased flexibility, increased centralization, and recategorization all amount to our fourth broad criticism of the Administration Bill; coupled with the already significant administrative and paperwork burdens, the proposed changes impose excessive administrative and paperwork burdens. The Bill calls for additional planning data and information, additional requirements to be met, if a prime sponsor wants to avoid plan disapproval or revocation, and an additional program through Title VII.

The U.S. Conference of Mayors and the National League of Cities believe that Title VI constitutes a recognition that PSE is an important part of employment and training programs, and that the "trigger" approach suggested is a major step forward. However, we feel that the funding, which would be authorized for PSE in future years under the provisions, are inadequate. The $1 billion authorized under Section 602(b)(1) constitutes what can be described as the on-going or "permanent" PSE program. It is, thus, analgous to the original PSE

component under CETA, which was designed or conceptualized to serve the structurally unemployed. The jobs and activities funded under Section 602(b)(1) are the ones which should be most closely tied into or coordinated with the programs under the other Titles. It is our position that the $1 billion proposed should be increased to about $3 billion. The funds authorized under Section 602(b)(2) constitute the countercyclical or anti-recessionary PSE program. We believe that the 4.75 percent "trigger level" proposed is too high and should be much closer to 4 percent. Also, the additional amounts authorized as the unemployment rate increases should be triggered at smaller components than for every "one-half percentage point" suggested in Paragraph B of Section 602(b)(2).

The jobs which will be funded under the "permanent" level funding of Section 602(b)(1) as stated above is in effect the structural PSE program. Therefore, eligibility requirements generally along the lines suggested in Section 607 -- unemployed and economically disadvantaged -- are acceptable. On the other hand, the countercyclical PSE programs under Section 602(b)(2) should contain different eligibility requirements so that the truly short-term or cyclically unemployed population can be equitably served. In other words, Section 607 should contain two subsections spelling out two sets of eligibility requirements. Only in this manner can the needs of the cyclically, as well as the structurally unemployed and economically disadvantaged, be met and the prime sponsor have the flexibility to move toward solving local economic dislocations. Again, in either case, the prime sponsor must have the flexibility of creating "regular-type" public service jobs or projects.

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In its presentation of the Bill to the public and the Congress, the Administration recognized the possible fund distribution effects of the Bureau of Labor Statistics (BLS) new procedures for measuring employment and unemployment. The Administration has stated that it may later submit proposals with respect to CETA funding formulas after it has reviewed the effects of the new procedures based on data which will be supplied by BLS.

Mr. Chairman, after some questioning of BLS officials, we have learned that the data which will be made available by BLS will not be adequate to assess the impact of the new procedures. These BLS representatives have acknowledged this fact in meetings with our staff and CETA prime sponsors. At the most, the data to be made available will permit Congress to determine what adjustments are needed for the immediate FY 79 funding so that prime sponsors are not adversely affected. Even in this case, the data will not allow such determinations for FY 79 funding for probably more than half the prime sponsors. Given this fact and the fact that the preliminary data we have been able to gather shows that the new procedures will work to the disadvantage of cities. The Mayors made several recommendations last week in testimony before the House Subcommittee on Census and Population. That testimony is submitted here for the record. For the purposes of the testimony today, we feel that it is imperative that Congress deal with this funding distribution question satisfactorily prior to the reenactment of CETA.

One final overall point, with respect to the legislation, should be made here prior to our conclusions. The Bill contains unnecessary and appropriate vagueness in many of the key provisions.

For example, Sections 221(a) and 221(b), which allow upgrading and retraining activities, both are prefaced with the phrase "pursuant to regulations of the Secretary." We fear that unless the desired provisions are very specific in the legislation, the regulations will be written in a restrictive manner similar to the guidelines for the present Skill Training Improvement Program (STIP) where the Labor Department has been able to allocate less than half of the available funds. I have referred above to the provision for the role of the Private Industry Council under Title VII where the legislation says one thing, but Labor Department officials are saying and writing another. A third example is Section 106 which allows a prime sponsor's funding to be revoked based on the Secretary's determination of the "unreasonableness" of administrative costs and "due consideration" for various service deliverers. The direction of programs should be determined through legislation and not left to regulation.

Concluding, Congress should not return to a fragmented and centralized delivery system that is insensitive and unresponsive to local needs and conditions and which cannot serve the economically disadvantaged and structurally unemployed with any degree of effectiveness. The Administration's Bill represents such an erosion of the successful CETA system designed by Congress in 1973 that it may lead to the just described situation, and, therefore, we have justifiable reservations about this present form.

Senator NELSON. Our next witness is State Senator David Plawecki, representing the National Conference of State Legislatures.

The committee is very pleased to have you here today. Your statement will be printed in full in the record and you can present it in the manner you desire.

STATEMENT OF HON. DAVID PLAWECKI, A STATE SENATOR FROM THE STATE OF MICHIGAN, REPRESENTING THE NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. PLAWECKI. Thank you, Mr. Chairman.

Senators, I am going to try to summarize my statement in the interest of time as I know you have other people who wish to testify.

I would like to thank Senator Riegle for his introduction. I am very pleased that he is able to return here to be with the committee. I know he has a number of other important meetings going on.

Let me just briefly give some background and summarize myself.

I have served 8 years on the labor committee in Michigan, 4 years as chairman, and am here today representing the Michigan Legislature, as well as the National Conference of State Legislatures.

I would like to say at the beginning that we wholeheartedly support the concept of the CETA program, particularly in Michigan, where we have had an unemployment rate reach as high as 13.5 percent, and 180,000 people that have had job opportunities in Michigan through this program, who have been particularly fortunate and would not be employed or have been employed had it not been for this program.

I commend Congress on its previous work on this program.

There are some specific concerns I would like to share with this committee as they relate to the program.

First, and perhaps most important, is the question of narrowing participant eligibility criteria within this bill.

As originally passed in the legislation, CETA was to provide jobs to economically disadvantaged, unemployed, and the underemployed. The administration has suggested a shift in CETA to those who are economically disadvantaged and unemployed or underemployed. What we will be doing in effect, therefore, is disqualifying many older or elderly people, homemakers and youth from entering the job market.

In Michigan particularly, we would have disqualified approximately 34 percent of those people who were employed during 1976–77 fiscal year in our State who would have been ineligible to participate.

Senator RIEGLE. You are talking about the CETA program?

Mr. PLAWECKI. Yes, the CETA program.

I might mention also that there is a typographical error in my testimony on page 3. It says "44 percent" and it should be "34 percent."

The second point I wish to make is the continuing trend in this program toward categorization and centralization.

Originally, there was one specific categorical program, that being the Job Corps. Now, I think the way the program is structured, between those that can be classified specifically as categorical and those restricted to such an extent that they border on categorical, we are talking about nearly 90 percent of those people who would be hired

under the CETA program falling into that category. And I would like to recommend to this committee that at least 50 percent of those funds that are in the CETA program be left to local discretion.

The reason I say that, I think it is obvious to many.

When you stop to think about it, different geographical areas require only certain categories which are provided—which I believe, in fact, are necessary. These vary significantly from geographic area to geographic area. There are more, as an example, youth unemployed in certain areas of our State, and more economically disadvantaged in certain areas of the State. Primary emphasis should be on those individuals.

In other parts of the State, there are other groups that are just as in need of training and employment. I believe should have the opportunity to participate in CETA and should not be restricted simply by percentage allocation or categorization.

The third point that I wish to raise is the question of coordination between the Federal Government, State and local government, as provided for in this legislation. There are numerous references in the legislation in trying to provide a good coordinating mechanism. Yet, throughout the legislation there is no reference to the involvement of the State legislature; and we believe it is wrong for the State legislature to be excluded because Senators, just as you, in fact, have a right and a duty to be involved in devising this program, so too do many of the State legislatures who are involved in other State programs involving other funds which should dovetail into the program that you are passing and talking about here, should have the same right to become involved in that program.

Specifically, I have a number of recommendations that I hope you would consider.

Section 104(a)(1) be amended to authorize the legislative leadership in the States to charge the appropriate legislative committees to review and comment on prime-sponsor comprehensive employment and training programs.

We are also recommending that section 10(a)(3) be amended to specify that a member of the State legislature be included on the State Employment and Training Council, probably under subsection (c), which states that one-fourth of the council shall be representative of the eligible population and the general public, or subsection (d), which states that one-fourth of the council be representative of service deliverers.

Additionally, we feel it is necessary for the legislature to receive notification under section 108 concerning the Secretary's proposed reallocation of CETA funds. Since the legislature is the body which creates and funds other State initiatives which dovetail with the CETA program, it is essential that the appropriate committees be aware of any proposed changes.

Finally, we would like to propose that section 110(b)(2) be further revised to require that a copy of the council's annual report to the Governor also be sent to the State legislative leadership, with a requirement that that document be assigned to the appropriate legislative committees for review and comment.

PUBLIC SERVICE EMPLOYMENT

A new provision in the administration's bill would limit participation in the public service employment program to a maximum duration of 78 weeks during a 5-year period.

We agree with the effort to prohibit the use of CETA moneys to subsidize normal city services and support the goal of opening the program to individuals in need of a regular work experience. However, we feel that the termination of CETA employees who have been employed for the maximum duration should be tempered by the economic and unemployment conditions of the time and the area.

While the ultimate goal should be to provide permanent employment for these newly trained people, definite time limits hinder its achievement because of the variance in job opportunities available. Furthermore, we feel that some discretionary safeguards should be allowed to protect the delivery of essential services.

For these reasons, we would recommend that each prime sponsor be able to exempt some of its PSE positions from the 78-week limitation.

A suggested formula would be to allow each prime sponsor in an area with an unemployment rate of 5 percent to exempt 25 percent of its PSE positions.

With each percentage point increase in the unemployment rate, we would recommend that an additional 5 percent of the positions be exempted from the limitation. Similarly, with each percentage point decrease in the unemployment rate, a 5-percent decrease in the number of exempted positions could be allowed.

UNEMPLOYMENT INSURANCE

We applaud the current practice of the Federal Government assuming the costs of providing unemployment insurance benefits to CETA PSE participants. By doing this, employers have been allowed to participate in CETA without being forced to use non-CETA funds to subsidize their programs and thus be penalized for employing CETA PSE participants.

I would urge, however, that the "Comprehensive Employment and Training Act Amendments of 1978" include language which explicitly expresses your intent to continue this practice for the duration of the program.

We would recommend that similar language to that adopted in part B of Public Law 94-444, the Emergency Jobs Programs Extension Act of 1976, be used. Such would provide employers with the security of knowing that they will never be expected to incur unsubsidized expense by participating in CETA PSE programs.

RETIREMENT PROGRAMS

Currently by Federal regulation, employers are allowed the option to either include or excuse PSE participants in their retirement programs. If an employer elects to permit PSE participation, they can, under certain conditions, use CETA funds to finance contributions made by them.

It is particularly important that this practice be continued, thus, I would urge that the "Comprehensive Employment and Training Act Amendments of 1978" explicitly provide that employers will continue to have this option and should they elect to include PSE participants, they will be assured of reimbursement, by CETA, for any contributions they make.

In conclusion, I thank you again for this opportunity to testify on behalf of the Michigan Legislature and the National Conference of State Legislatures.

In Michigan, the CETA program has gone far to increase productivity and more effectively utilize our State's labor force. As a member of the Michigan Senate, I want to assure you of our commitment to assisting in the implementation of an effective and efficient employment training program.

As a spokesperson for the National Conference of State Legislatures, I want to reiterate our concern that State legislative bodies be given a mechanism to carry out the act's stated goal of Federal, State, and local coordination.

We will be watching your programs with interest, and I encourage you to call on us if we can be of further assistance in your deliberations.

That concludes my statement.

Senator NELSON. I am not sure I understand what you are saying. If a CETA employee does not acquire a vested interest in the pension during the period of time he is working, would you still have the contribution made to the pension fund?

Mr. PLAWECKI. Mr. Chairman, I do not think it is fair. I am aware it has occurred in a number of circumstances, where contributions for retirement have continued to remain in the retirement system. What I ask is that in the case where a CETA employee does become vested that you continue the concept of allowing a portion of funds to be set aside for retirement benefits.

What I am saying in effect is that somebody who is employed for a period of time in CETA should allow that time period to be counted toward the retirement system if he does in fact find permanent employment with that employer.

Senator NELSON. If a CETA employee is going to be an employee for 1 year, and then goes to the private sector, what is the point of having a contribution to that retirement fund for that employee? What is the point if he is going to be an employee for 1 year?

Mr. PLAWECKI. None, Mr. Chairman. Only in the case where in fact he does continue on with that employer in another job outside the CETA program—I believe he should receive credit for that 1 year as well.

Senator NELSON. How would you do that unless you contributed for all employees and gave all the money back again because nobody knows at the beginning of employment whether any of the employees are going to become employees of a municipality?

Mr. PLAWECKI. That is exactly what we are recommending, Mr. Chairman, that in fact he would contribute that as it occurs, and then we would reimburse you for funds that——

Senator NELSON. You mean you want the contribution made for all CETA employees to the pension fund? For those who do not become

employees of the municipality or State, do you suggest that the States send the pension money back to the Federal Government?

Mr. PLAWECKI. Mr. Chairman, there are two ways to handle that. The other obvious way is to provide that a certain percentage of funds would be set aside to be paid into the retirement system, if this employee does begin to vest in that retirement system. That is an acceptable mechanism.

One of the problems we have and, in fact, one of the reasons I am very happy that I was here to testify, is that most of our retirement laws in the State of Michigan provide no separate mechanism for retirement plans of CETA employees who may go on permanent employment, so they would not have that credit.

We have a number of statutory changes that are going to be required that I was not even aware of until I began gathering my material for testimony before the subcommittee.

Senator NELSON. I think a number of States have operated in a manner in which contributions have been made to retirement funds. The Labor Department is saying the States cannot continue that; the States will have to pay it back unless you get a ruling from the Attorney General that says the law had required the contribution, but henceforth it cannot be done. That is under current law.

Mr. PLAWECKI. That is precisely the case with much of our State law.

Senator CHAFEE. Could I just ask a question?

It seems to me that every witness has come before here and said: "Whatever you do, do not impose too much redtape; make this thing as simple as possible."

As I understand your proposal here, suppose a CETA employee goes into private employment, would the private employer have to pick him up under a pension plan while he was on a training program?

Mr. PLAWECKI. No, Senator. I am not sure how you would work that. I recognize that is a problem specifically.

Let me state generally—and I have to separate myself at this point from the parties I am testifying for, perhaps, to respond to that personally—one of the difficulties we have had, that I have had, in fact, coming here, is that the State legislature, as I mentioned in my testimony, has not been involved in the entire program. The process has generally worked to the extent that we find out about what is going on with the CETA program, who is going to be hired, where the job is going to be provided, long after it is too late to effect our own appropriations process; and what we are attempting to do is to dovetail in economic conditions, and job-training conditions, in our own State—I do not know how you would work a private pension program. I am speaking today only on behalf of what I think is a reasonable requirement for public employers.

Senator CHAFEE. It seems to me when we are wrestling with this tremendous problem of the structurally unemployed, to tangle it up with retirement benefits is adding another factor in here that we could do without. It would seem to me that the normal thing would be to not have retirement benefits be involved until the person is in truth a full-fledged employee without the Federal Government paying part of the salary.

Now, does that make sense?

Mr. PLAWECKI. Senator, I can understand your concern. However, it seems to me, as an example, a CETA employee who perhaps might serve 1 or 1½ years or perhaps more, as a city employee, or State government employee, should be entitled to some type of retirement benefit if he is, in fact, trained as the same work continues on in that employment. At least from my point of view, it seems only fair that——

Senator CHAFEE. There are plenty of people in the world who are not running up retirement benefits in various job—never mind—I get your point.

Thank you.

Senator RIEGLE. Let me ask you this, if I may:

To what extent is the State now involved in manpower training programs over and beyond what the Federal Government is doing through all its activities?

Mr. PLAWECKI. Senator, the State has a number of manpower training programs outside of this—the majority of those come from some source of Federal funds, at least partially. We do not do enough, I think, in the entire area.

One of the difficulties we have, quite frankly, is that to a large extent that has been ignored because of requirements of funds in other areas, particularly in education and social services; so I feel at least from my point of view as a legislator, that our State particularly is not doing a sufficient job where we have allocated our resources to other areas because the needs are there——

Senator RIEGLE. When you were making a pitch for having State legislatures sort of pulled into the process, not as decisionmakers in terms of having yes or no say under the program—would you want to be able to relate State-initiated efforts with federally initiated efforts?

Mr. PLAWECKI. Yes, Senator; that is true. That is part of the reason I would like to do that, as well as what I stated in terms of our problem and involvement in this whole area; because the State legislature has not been involved to a large extent in job-training programs and because, as you know, many of the other needs that I have mentioned often come to the appropriations process and receive a significant share of State funds.

I feel the major reason we have not concentrated on job training in other areas as we should and, in fact, could, if we were to be able to dovetail with the knowledge we have in this program into that, is the fact we just are not aware of what is going on and what the priority is. I think this would help serve as educating mechanism for many legislators as well.

Senator RIEGLE. One other thing—that is, one of the points you raised—was the problems that are unique to displaced homemakers trying to reenter a labor market, in many cases after a number of years of not being in the work force, or maybe never being in the work force.

There are some of us here very concerned about that, and we are going to be drafting an amendment that would specifically target funds to displaced homemakers through title III. We are in the final stages of working that out, and it would enable and authorize the Secretary to make financial assistance available to private nonprofit agencies and public agencies, including prime sponsors, to enable

them to establish some multipurpose projects to provide employment opportunities and appropriate training and support services to displaced homemakers.

In terms of this problem of the program having gaps in it, we targeted that one specifically.

I appreciate your testimony.

Senator NELSON. Thank you very much. I appreciate your taking the time to come.

Mr. PLAWECKI. Thank you.

Senator NELSON. Our next witness is John V. N. Klein, county executive of Suffolk County, N.Y., on behalf of the National Association of Counties.

Mr. Klein has an out-of-town schedule to meet.

Mr. Klein, we are very pleased to have you here this morning. If you would identify your associates for the record, your statement will be printed in full in the record, and you may present it however you desire.

You are representing the National Association of Counties?

STATEMENT OF JOHN V. N. KLEIN, COUNTY EXECUTIVE, SUFFOLK COUNTY, N.Y., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES, ACCOMPANIED BY JON WEINTRAUB, ASSOCIATE DIRECTOR, NATIONAL ASSOCIATION OF COUNTIES

Mr. KLEIN. That is correct, Mr. Chairman.

My associate here today is Jon Weintraub, a staff member and associate director of the National Association of Counties.

With your consent, we will substantially abbreviate the statement which you have before you and try to conserve some of the committee's time.

I would also make one not terribly technical correction, but I am not John Klein, Jr., as is shown. You can drop the "Junior" off my name, if you will, please. My father is no longer living, but he was not willing to share first names. [Laughter.]

We are here today because we feel that the administration's bill does not meet its defined objective of establishing a flexible, coordinated, and decentralized system of Federal, State and local programs. If we were to add "decategorized"——

Senator NELSON. Add what?

Mr. KLEIN. If we were to add "decategorized" to the list, the bill would be in worse shape. We believe the bill would be less close to meeting its objective.

Senator NELSON. I do not follow that.

Mr. KLEIN. Perhaps I will get to it in a moment and amplify on it.

The National Association of Counties has serious reservations about S. 2570. We feel that significant changes need to be made to make the bill meet its stated purpose and to allow for flexible administration of the CETA program at the local level without constantly changing policy through field memoranda and unnecessary and overbearing paperwork and reporting demands.

We are concerned that the administration has apparently taken the position that it is easier to respond to problems by legislative solutions

which impair overall prime sponsor flexibility than by biting the bullet and going after those prime sponsors which are not performing.

A clear example of this posture is to have the planning council staff "solely accountable" to the council—section 109—instead of DOL providing technical assistance and, if necessary, requiring corrective action for those prime sponsors which fail to use their planning councils according to the law.

In most prime sponsor areas, planning council staff have program or other responsibility, which makes their input to the council more substantial.

This change represents one of many examples where progressive program administration by DOL would achieve a better result than additional overprescriptive requirements affecting all prime sponsors, good and bad. We would support language with prime sponsors providing staff that is responsive to the needs of the council.

PRIME SPONSOR DECISIONMAKING

Representatives of Governors, counties, and cities unanimously agree to the elimination of section 212 in the administration's proposal. Specifically, we reject any maintenance-of-effort language affecting the level of program activities. Such language contradicts the purpose of the administration's bill establishing a flexible, decentralized system. One cannot have flexibility if funds are earmarked for program activities and frozen based on fiscal 1977 levels by law.

This represents extreme recategorization of the Comprehensive Employment and Training Act.

When the language is coupled with the maintenance-of-effort language on youth in sections 433 and 438(a)(2), prime sponsors are left with decisionmaking authority over 10 percent of the resources of title II.

Section 212 does not support the basic CETA concept that a locally defined program design and mix best meets the needs of the CETA client population.

In deciding this issue, the Congress should understand that CETA regulations require enrollees in any coupled program with 51 percent or more work experience to be paid wages. A coupled program with 55-percent work experience and 45-percent skill training would be reported as 100-percent work experience. Thus, national DOL data significantly underreports other program activities.

The reference to "The Secretary's performance standards" should be deleted from section 103(c)(1). The prime sponsor's plan, after negotiation with and signature by the Secretary, should establish performance goals for the prime sponsor to achieve based on that prime sponsor's unique condition and approved mix of services and priorities. Nationally uniform performance standards tend to work against the design of programs tailored to local conditions.

EXCESSIVE REPORTING AND PAPERWORK

Currently, prime sponsors must submit 28 reports——

Senator NELSON. Twenty-eight?

Mr. KLEIN. Twenty-eight, Mr. Chairman.

As local elected public officials, having signed reports since its inception, I think we have been responsible for deforesting an entire State with the paperwork that is required to comply with Department of Labor requirements.

Senator NELSON. Do you have the list of 28 reports?

Mr. KLEIN. Yes, sir, and pages 4 and 5 of the testimony reflect this; specifically——

Senator NELSON. This probably is a dangerous mistake to list them because the Labor Department will add 10 to the list now that they know how few reports they require.

Mr. KLEIN. That is entirely possible.

They are set forth on pages 4 and 5.

Senator NELSON. I hear this complaint everywhere, even in the hearing I had in Wisconsin. I continue to be baffled; we try to place administrative responsibility at the prime sponsor level, but the Federal bureaucracy rapidly contrives ways to haul it back in with a lot of unnecessary paperwork. We will be asking the Labor Department to respond in elaborate detail on what justification they have for the reports.

Mr. KLEIN. May I say that I have been in local government for 20 years, and for the past 10 or 12, intimately involved in Federal programs. There is really no contest between the paperwork required under CETA and any other Federal program in which a relatively large local government such as mine participates. It just is staggering. Sometime, if the committee chairman wishes, we could provide to you 1 year's reporting, a copy of 1 year's reports on CETA to this committee, and have it shipped down, and it would take a truck to get it here.

Senator NELSON. You mean total pages in all?

Mr. KLEIN. Yes.

One set of reports for 1 year, to be delivered here, I think, would stagger the committee's imagination.

Senator NELSON. Maybe we ought to find out, first, where they are hiding the reports, those that they do receive.

Senator CHAFEE. When you say it is no contest, that is a supreme tribute to this program; because I always thought there are many other programs that provided splendid competition; but that is way ahead.

Mr. KLEIN. What we are suggesting is that Congress define that information by law that is required and prohibit the Department of Labor from requiring other reports. Our concern focuses on ever-changing demands from the Department of Labor.

In fiscal year 1977, 458 field memos were sent to the regions by the National office. So far, this fiscal year, 167 field memos have been issued. These are then reissued by each of the 10 regional offices, often with modification or reinterpretation.

Senator NELSON. You are talking about field memos issued to regional offices of the Department of Labor?

Mr. KLEIN. That is correct.

Senator NELSON. How many are issued to prime sponsors from regional offices?

Mr. KLEIN. Probably 10 times that amount.

Mr. WEINTRAUB. If I can add, each regional office then takes those field memorandum, puts it on its own stationery and reissues it with reinterpretation; and that is what the prime sponsors get.

So if you figure there are 458 field memoranda, and there are 230 approximate working days a year, the prime sponsors are subject to two changes a day in either reporting requirements or interpretation of regulations.

Mr. KLEIN. We suggest that the Secretary of Labor and the Director of OMB be required by law to submit quarterly reports to the Congress on efforts they have taken to reduce paperwork and reporting and to comply with Federal management circulars in administering the CETA program.

Senator NELSON. Why don't we ever see the wacky reports they require from you?

Mr. KLEIN. That would require you, Senator, to send out daily bulletins.

Senator NELSON. I have a place to file them.

Mr. KLEIN. With respect to public service employment, NACo endorses the need to establish two distinct public service employment programs—one structural and one countercyclical—with different client eligibility requirements. We cannot accept the retention of the current wage ceiling of $10,000 for PSE and suggest a geographically indexed wage ceiling, such as 135 percent of the BLS lower living standard income level.

The project format was added in Public Law 94-444 primarily as a tool to curb substitution. S. 2570 has added multiple legislative tools that are far more effective at curbing substitution such as the 18-month limit in a job and the 10 percent ceiling on supplementation.

Prime sponsors have found projects to have detrimental effects on the affirmative action successes that they have had within the local governments they serve.

Prior to projects, prime sponsors used PSE as an excellent tool to bring minorities and women into entry-level jobs in the various public health and safety departments of county government.

Many prime sponsors have doubled, tripled, or even quadrupled participation of minorities and women in these departments through transition. This activity has been prohibited or made extremely difficult by the project mode.

Projects also make coupled activities extremely difficult, and render section 609, on transferability of funds, useless. Thus, we recommend the elimination of projects in S. 2570.

We have always supported a triggered authorization approach to funding PSE. However, we note that if the approach were applied now as opposed to fiscal 1980 to the February 1978 unemployment rate of 6.3 percent, only $5 billion would be authorized and prime sponsors would lose 225,000 PSE jobs.

Given this dilemma, we recommend a base authorization of $1 billion regardless of national unemployment for the structural PSE program.

For the countercyclical program we would recommend that the trigger start at 4 percent with $1½ billion authorized for every 0.5 percent, up to 5 percent; we would further suggest that, as the national unemployment rate exceeds 6 percent, the amount of funds allowed for materials and supplies be increased.

The proposed quarterly grant system is administratively unworkable and must be deleted. Local officials must know their PSE funding

level for at least a year in order to properly plan, budget, and administer the program.

The administration's bill fails to resolve the retirement issue, a problem of major dimensions in over 28 States. Instead, section 121 (o), in conjunction with sections 106(f) and 122(l), gives force of law to current CETA regulation 98.25, which we oppose.

The effect of the bill is to require State and local governments and private nonprofit employers to contribute up to 20 percent of PSE payroll costs out of local general tax revenues to provide retirement coverage for most CETA enrollees, although enrollees are not likely to remain with employers long enough to draw retirement checks.

PSE funds should be used to create jobs. However, State and local government should not be forced, because of equal benefit provisions, to pay into these retirement systems. The final CETA bill must resolve this issue so that prime sponsors are not "taxed" for their PSE jobs.

Under provisions of Public Law 94–444, Federal general revenues pay the cost of UI benefits to PSE participants. While we support this provision, there are two additional problems which must be addressed:

Turnover among participants in the CETA program affects an employer's experience rating, thereby increasing the employer's total liability for UI benefits to all employees;

This additional UI cost may cause employers to be reluctant in hiring CETA participants, especially now that State and local governments are covered by UI; we recommend that CETA participants be treated as a separate category of recipients for UI purposes;

States at their option may extend eligibility for UI benefits to participants in work experience programs in addition to the mandated PSE coverage. Eighteen States currently require UI coverage for work experience participants. Funds for this coverage must come from the prime sponsor's CETA grant, thereby decreasing the funds available for jobs and training. Again, employers' overall UI liability would increase dramatically. We recommend that prime sponsors not be held liable for the cost of UI benefits payable to program participants enrolled in any CETA-supported activity.

CLIENT ELIGIBILITY

We endorse the administration's move to create a uniform client eligibility criterion for all titles of CETA except the countercyclical PSE program. However, NACo supports establishing the uniform client eligibility criterion at 100 percent of the BLS lower living standard income level and cannot support the 70 percent level in the bill.

THE GOVERNOR'S ROLE AND ES

Governors and city and county officials unanimously subscribe to the notion that the prime sponsor submit its plan to the Governor for review and comment and that the prime sponsor should consider comments made by the Governor.

Senator NELSON. What do you mean the "prime sponsor should consider comments made by the Governor"?

Mr. KLEIN. We think clearly prime sponsors have a responsibility to review, give consideration, and respond to Governors' comments in

dealing with observation from the Governor; but we think decision-making power should remain with the local level.

This would eliminate sections 104 (a) (1), (b) and everything after the first "recommendations" in section 104(b).

We recommend a consolidation of the Governors' role in sections 105 and 110. We subscribe to the elimination of the resource allocation formula under the Wagner-Peyser Act and agree to a bloc grant of funds to the Governor for these activities, while requiring the Governor and prime sponsors to engage in joint planning for the use of these funds at the local level.

We recommend that the ills of the Wagner-Peyser Act should not be corrected by amendments to CETA, but should be corrected when the committee considers interrelationships between the Wagner-Peyser Act and the Comprehensive Employment and Training Act.

Thus, we object to the implied separation of the job research function, section 205 and 211(1). We presume that regulations would be written to make it difficult for the prime sponsor to use anyone but ES for the job search function. We recommend the inclusion of language from sections 105 (a) (3), (b) of Public Law 93–203 for the utilization of ES.

NACo recommends that any CETA program funded by the State in a local prime sponsor area be reviewed and commented on by the appropriate prime sponsor prior to implementation and the Governor shall make every effort to coordinate such programs with the prime sponsor plan.

We recommend a continuation of the policy that one-third of the representatives of the SETC be from the prime sponsors.

ROLE OF THE SECRETARY

NACo would welcome a strong, properly defined role for the Secretary. We see that role as being supportive of the prime sponsor delivery system. We suggest that role take the form of responsible, aggressive, and consistent management of the prime sponsor system.

As the first step, we request that the Congress require the Secretary to provide in-depth, on-site technical assistance to prime sponsors. We suggest that this be accomplished either by a percent set-aside of the Secretary's discretionary funds or by report language instructing the Secretary to provide technical assistance.

Second, if after the technical assistance is provided and the prime sponsor still cannot perform effectively, the Secretary should take corrective action, including reallocation of funds or withdrawal of prime sponsorship.

Third, in cases of withdrawal of prime sponsorship, section 102, the Secretary should be required to seek first right of refusal from the next highest level of Government, implied in sections 101(b) (1) and (2), before assuming authority to grant funds ". . . to public agencies or private nonprofit organizations . . . certainly, the stated decentralization purpose of the bill, section 2, would be better served if, in a situation when a prime sponsor city in a prime sponsor county lost prime sponsorship, the prime sponsor county were given the opportunity to assume prime sponsorship before the Secretary looked elsewhere.

We recommend that the Secretary be required to seek review and comment from the local prime sponsor on the work plan for any national or discretionary funds that the Secretary plans to spend in a prime sponsor area to initiate employment and training programs.

By taking this step, the Congress would insure that national and discretionary funds are spent in concert with and are not duplicative of the efforts outlined in local prime sponsor plans.

We are concerned that too much of the bill is left undefined to be determined by regulations issued by the Secretary. As in our earlier comments on reporting and paperwork, prime sponsors would like to be able to relate to annual regulations that are consistent with the intent of Congress. We request that the appropriate subcommittees of the House and Senate review and approve CETA regulations before they can become effective.

We object to the amount of money available for title III, section 112(d)——

Senator CHAFEE. Is that not putting us on an incredible chore here, if we are going to review the regulations before they are put out—I do not think we have ever done that on anything, have we?

Senator NELSON. No.

If you had to review them, I guess 95 percent of them might not be drafted, so it might not be as big a job. They do that in the State of Wisconsin. They have to submit regulations to the appropriate committee, which means they do not get so many.

Mr. KLEIN. We think the education subcommittees do that.

I would respectfully suggest that the chairman's response is quite accurate; if they were reviewed by subcommittees, they would probably diminish in scope and size.

Senator NELSON. There is some legislation around that addresses itself to that. I doubt whether we will be able to get it into this bill.

Senator CHAFEE. One of the problems, it seems to me is, we are going through this testimony, and it seems to me you are saying that—let there be flexibility, and if it does not work out, then have the Secretary, I guess, bite the bullet and go after those prime sponsors who are not performing.

Here is the problem: you do that in an area where there are very few regulations set forth, and then you get into a quarrel with whether he is performing or not, according to whose standards.

Now, if the prime sponsor is not given some pretty clear direction what he is meant to be doing, and you pull the rug out from under him, he appeals and says, I was doing what I was meant to be doing, which was—and I had very little guidance, so you cannot punish me——

Mr. KLEIN. Well, what we are saying is two things.

First, there are two extremes, over-regulation and no regulation. What we are suggesting is that the course pursued by the administration is on the former side, over-regulation.

In addition to that, the prime sponsor must develop and submit and get approval of a plan with stated goals and objectives; and we think it is possible to judge that prime sponsor's performance within that context, rather than trying to establish for all the prime sponsors across all of the country where they are enormously diversified in characteristics, needs and responsibilities, uniform criteria by which they will all be judged.

It simply is not possible and results in what we see is crippling over-regulation.

Senator CHAFEE. I am sympathetic to you. The only thing I notice is that some of the regulations you object to are—how many for disabled veterans, how many hard-core and so forth—you want to get rid of those—yet, when you evaluate the program, these are the very things you judge in order to get proper evaluation of the program. You have to have some of these reports.

Mr. WEINTRAUB. If I can elaborate a moment, each prime sponsor submits a plan that must be approved by the Secretary. The Secretary knows what the goals and objectives are as well as the clients targeted to be served in each prime sponsor area. Then the Secretary can judge whether or not that individual or prime sponsor is meeting those goals and objectives based on how that individual prime sponsor is performing against his plan.

So the plan which the Secretary signs off on can be——

Senator CHAFEE. Well, I can see what—the Secretary pulls the rug and the prime sponsor would be in here screaming and saying it has to be "show cause." I believe Governor Finch in his testimony said they had had to show cause in order to eliminate the prime sponsor. We would be tied up in court around here forever. I think the Secretary has to have some pretty strong power.

Mr. KLEIN. I do not think we disagree with that. We think it is implementation of those powers that are critical, Senator.

We object to the amount of money available for title III, section 112(d)(1). Rather than 20 percent of all funds under the act, except those from VI as in S. 2570, we recommend that being cut to 10 percent, or 20 percent of title III.

Under S. 2570, $970.6 million would be available for title III when only $459 million was requested, $200 million of which is for welfare demonstration programs. Thus, $511 million would still be available.

We are concerned that part of title IV is extended for 4 years, caveated only by a report to Congress due on March 1, 1979, section 411.

We recommend that Congress mandate that the Secretary's report to Congress explore how part A can be incorporated into title II of the legislation.

We recommend that discretionary funds, section 482(b) in the summer youth program, be targeted to all city, county, and consortia prime sponsors with unemployment rates that are 1.5 times the national average unemployment rate.

TITLE V

We recommend that section 502(a)(3) be further specified to reserve 6 of the expanded 14 slots for "two Governors, two county officials, and two city officials, who are currently serving in that elected office."

I would like to strike the succeeding sentence of recommending that the legislation prohibit the chairperson and director from testifying on behalf of the Commission without approval.

I think that is an overreaction on our part and it is inherent in the legislation. With your consent, Mr. Chairman, we would strike that paragraph in the testimony.

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Senator NELSON. It will be stricken.

Mr. KLEIN. With respect to private sector initiatives, NACo supports increased ties for CETA with the private sector.

We feel that the purpose of the title is identical with the basic purpose of title II. We question whether a client participating in OJT under title II will become a second-class citizen compared to a client participating in title VII.

We wonder whether the placement chances for that title II client will suffer, if title II is viewed as a "second class" operation by the business community.

We are disappointed that, at a minimum, the rules governing OJT were not simplified.

We applaud the fact that prime sponsors will be allowed to jointly establish a private industry council, i.e., operate a consortium, for purposes of this title. We reject a nationally-defined council as the single mechanism for private-sector involvement. Specifically, we reject the notion that an active, functioning business council in a prime sponsor area should be summarily rejected as the local vehicle under this title if it does not meet national-defined criteria.

We are concerned that the administration is already moving to use moneys previously targeted for a second round of STIP and announced in the regions for pilot efforts using design of this title.

TRANSITION

Since this legislation makes major changes in funding, client eligibility, and reporting requirements, it is essential to consider what means can be developed to effect a smooth transition.

In this regard, a look back at what happened when the title VI amendments were passed in 1976 might prove instructive. We note that in 1976 changes were made in only one title of CETA, not all titles as is now the case. The bill was signed into law, Public Law 94–444, on October 1, 1976, the beginning of the new fiscal year.

Allocations were not available until the week of December 15, 1976. The first draft of regulations was issued October 26th, which was further amended and published December 10, to become effective January 10, 1977.

At that time, although the authorizing legislation required a changeover from regular public service jobs to projects, DOL assumed that moneys were not sufficient to effect that transition. Regulations to effect the changeover to projects were issued in draft form March 15, 1977, and in final form May 13, 1977. Public Law 95–93, the youth bill, had a similar history.

We note that it took a minimum of 3 months to put the law into action and another 4 months to resolve additional problems of implementation. We highlight this past experience, not to suggest that the administration is slow to act. On the contrary, extremely competent staff worked nonstop in order to translate the legislation into operational terms in ways that would be most consistent with existing programmatic realities.

What we need to appreciate is the highly complex nature of the proposed legislation before us and the extent to which it represents a radical departure from the current law.

Therefore, we recommend that the Congress add a transition section—see section 3 of Public Law 93–203—to allow sufficient time for DOL to effect a smooth changeover to the new provisions. We suggest that the new law become effective on January 1, 1979, which would allow a full quarter for DOL to develop necessary changes in regulations, reporting requirements, and other paperwork demands.

NACo supports most of the major structural changes in S. 2570, such as the consolidation of the administrative provisions, the establishment of an administrative cost pool, and the move to a uniform eligibility criterion.

Despite serious reservations about S. 2570, the National Association of Counties looks forward to working with your committee to improve the administration's CETA bill. We plan to work closely with you and your staff to achieve a CETA bill that will better meet the needs of individuals it is designed to serve.

We would be happy to answer your questions, Mr. Chairman.

Senator NELSON. On page 8, you make reference to retirement plan. I am not sure whether I understand what you are talking about.

You are saying the effect of the bill is to require State and local governments and private, nonprofit employers to contribute up to 20 percent public service payroll cost out of local general tax revenues?

Are you talking about current law?

Mr. WEINTRAUB. Within the current statute there are equal-benefit provisions [section 208(a)(4)]. Those were interpreted by the regs in section 98–25 that we referenced. As of October 1, 1977, prime sponsors could no longer use CETA funds which were primarily designed to put people to work under titles II and VI to pay into State retirement systems.

While we are sympathetic to that notion, it makes a lot of sense. State and local governments are bound by collective bargaining agreements and State laws covering State requirement systems. Any person in a similar class must also receive retirement benefits because of the CETA ordinance. So that as of October 1, 1977, local governments were forced to start using their local revenues to pay into State retirement systems for CETA participants.

They were given the option that if they could get the State attorney general to request a waiver, they could get that regulation postponed for a year. A total of 28 States have requested that waiver and have been granted it as a result of a direct request by the State attorney general.

So we are in a dilemma, based on section 121(o) in the new bill, that says, CETA funds can no longer be used for this purpose.

However, because of local agreements and equal-benefit provisions, you still have to keep paying for it.

Senator NELSON. I would assume in most instances it is a question that the statute establishing a pension plan requires a contribution from the State. If that is the case, the legislature has a year to change the law. The Federal Government should not be taking Federal funds and contributing into a municipal or State pension fund. This is a use of Federal money for people who are never going to draw off the pension. If I were running a pension fund, I would like that. It is building a pension fund, but all the regulation says that no funds shall be used for contributions on behalf of any participant to State and local

retirement funds unless such benefits accrue to the credit of the participant.

I think the problem is you have to change the statute.

Mr. WEINTRAUB. How about for all of those individuals who are already in the State retirement system? Prior to the change of the State statute? The only way they can be covered is if they are grandfathered in because otherwise local governments would have to pay for the State retirement contribution for all those folks who have been in the program up to 1978.

Senator NELSON. It is my understanding that if you get a ruling from the attorney general that the law of your State requires the contribution, so that they will waive the past contributions that have been made out of Federal funds and if you request, give you 1 year to change the law. The money already paid for by CETA funds on behalf of CETA employees who do not vest, becomes eligible for any interest. If left to the Government, those funds will remain there.

That ends up as a benefit an unearned benefit to the fund, or a contribution to the fund for which there is no concurring obligation. Henceforth, we are not going to permit Federal funds to be used to make a contribution for a CETA employee unless the benefits are accrued to the beneficiary.

If your State statute requires, as the State of Wisconsin does, the legislature will have to change the law, but I do not see how we can continue to contribute funds to the pension fund for people who are not going to get any benefit.

Mr. WEINTRAUB. No.

But should local governments be then required to pay into the pension fund for all those folks prior to 1978 when the State law would change if in fact the State legislature were not meeting that year?

Senator NELSON. My understanding is if that is the law of the State and the attorney general furnishes an opinion saying the law of the State as of now requires these contributions to be made, the attorney general will waive any obligation against pension funds for past contributions made by the Federal fund. So, there is no problem there.

You have the 1 year to change the law under which you operate. That is all within local and State control. I do not see how the Federal Government can control that. Certainly, we are not going to approve Federal contributions to pensions that do not vest to the interest of the employee.

Mr. WEINTRAUB. There should be a way that possibly the committee staff and the staff of the various public interest groups who are concerned about this issue could explore a solution, possibly through the national level, that would affect the situation so that 50 different State legislatures did not have to go back and change laws because of conforming provision in a Federal statute, which requires equal benefits; and there should be, I hope, enough imagination among all of us to figure out some solution to that.

Senator NELSON. Are you concerned then about the future or about the past contributions?

Mr. WEINTRAUB. We are concerned about our responsibilities for the past, the present, and the future in terms of local government contributions.

We would like to figure out a way that uniformly eliminates any possibility for local governments to contribute, school boards to contribute, private nonprofit to contribute, for PSE workers, that they give jobs to.

Senator NELSON. Well, if you have a memorandum you want to submit delineating the problem as you see it, we might be missing something, and we would be happy to have it. All we are trying to get at is the question of not contributing Federal funds to a pension fund unless it vests to the interest of the person who contributed. I assume you agree with that principle?

Mr. WEINTRAUB. Yes.

Senator NELSON. Maybe you can give us a memorandum outlining the problem.

Mr. KLEIN. I do not think you are missing anything. It is our problem; it is something of a Catch-22 problem. We agree with the philosophy that the CETA fund should not be used for retirement benefits. We also feel that the CETA program is conceptually one which should not require local funds to be used for retirement. We seem to be trapped in that.

Rather than beat that issue to death, if we may, we will take your suggestion and try to put a memorandum to you identifying the issues as we see it.

Senator CHAFEE. Could I ask a question?

Are you saying under this regulation, whatever it is, 98–25, the Federal Government required that local communities—the prime sponsor—provide equal benefits? Is that it? Do not read me the memo; that will confuse me.

Mr. WEINTRAUB. No. It refers back to a section, I think it is section 208(a)(4), in Public Law 93–203.

Senator CHAFEE. Never mind.

You are going to submit a memo.

Briefly, what you would like is CETA employees be exempt from having to have the retirement benefits that are given to other municipal and county employees; is that it?

Mr. WEINTRAUB. What we would prefer is that local governments do not have to contribute out of local-generated revenues for retirement benefits of PSE workers that they happen to have within their government or placing in another authority.

Senator CHAFEE. I get it.

I probably will get another view on that from Mr. Welsh.

Senator NELSON. Is there a point here I have been missing? A municipality hires a CETA employee, and 1 year later, the CETA employee is hired then by the municipality in their classified civil service, or one of their job classifications, and is no longer a CETA employee. Are you concerned with that previous year?

Mr. KLEIN. Yes. Obviously, when that person becomes a permanent employee, he or she becomes entitled to all the aspects of employment as a permanent employee, but we are concerned about——

Senator NELSON. That is the precise issue. I'm not talking about past history. Your problem is that you have CETA employees, some of whom will become employees of municipalities, and they now have a record of 1 year of employment, and you are concerned about the municipality having to go back and contribute a pension contribution

for that previous year, prior to their becoming an employee of the city in their classified service?

Mr. KLEIN. Correct.

Mr. Weintraub keeps saying out of local revenues. I think I have to fish or cut bait further than that and say as one local official that I would not even put that qualification on it. I would think that the concept of a CETA program is PSE at least transitional, hopefully, the situation, and one which should not require a contribution during that period of time before permanent placement.

Senator NELSON. You would want the statute to read there is no contribution obligation for any period of time that an employee is funded by CETA funds?

Mr. KLEIN. That is my opinion, Senator. I truly am not authorized to take that position on behalf of NACo.

Senator NELSON. I see the problem.

Thank you very much.

If you would give us a little memorandum on that, maybe we can handle it.

Senator CHAFEE. Did you hear the welcome for you from Senator Javits?

Mr. KLEIN. Yes.

Senator CHAFEE. He sent his warm regards to you.

Mr. KLEIN. Very gracious introduction.

[The prepared statement of Mr. Klein and material referred to follows:]

SECTION BY SECTION COMMENTS

BY THE

NATIONAL ASSOCIATION OF COUNTIES

ON THE

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

Section 2: Statement of Purpose

"economically disadvantaged persons, unemployed or underemployed persons." What is the point here? The addition of "persons" and the change from "and" to "or" seem to strengthen the distinction between two groups. Yet, the Administration's bill permits eligibility based on one criterion only for the 5 percent of Title II which can be used for upgrading. All other eligibility criteria couple the income requirement with employment status.

* "which will result in an increase in earned income." While this new phrase is certainly an appropriate goal for CETA, its immediate fulfillment must not be allowed to dominate the program. Long-term earning power and stability are more important than immediate post-placement wages. Given the Administration's plans to implement nationally uniform performance standards [sections 103(c)(1) and 127(a)], we see this addition as the justification for undue emphasis on immediate placement in higher wage jobs (no matter how violatile the industry) and a de-emphasis on programs that encourage a return to school or further training outside of CETA. We recommend that the phrase be deleted or that "ultimately" be inserted before "result."

"coordinated. . .system." The addition of this word and the final sentence of the section reflects the Administration's apparent belief that coordination can be achieved by modifying the authorizing legislation of only one of the partners in the proposed coordination. While we applaud the intent, we oppose unilateral efforts to force coordination at the local level when it can't be achieved nationally. Amendments to CETA alone cannot solve the problem of ES-CETA coordination; the Wagner-Peyser Act must be reviewed concurrently. The broader coordination mentioned in the last sentence is not reflected in the pages of the bill, nor, to our knowledge, in proposals to amend the legislation listed. Delete the second sentence.

* Proposed New Section 3: Transition Provisions

We suggest a new section that would allow prime sponsors to continue to operate under existing law for a period not to exceed three months, or January 1, 1979. During that time the Secretary would be instructed to develop, publish for review and comment and finalize regulations, reporting forms and other instructions. The changed provisions would then go into effect at a date certain, to be set by the Secretary.

Title I, Part A

Section 101(a)(2). We recommend that the Secretary be instructed in report language to accept special survey data, as well as Census Bureau population updates.

*Section 101(a)(4)(B)(iii). We object to the new language referencing "any larger unit of general local government." This would allow for a small city within a prime sponsor county to apply for prime sponsorship, creating a swiss cheese effect. Small units are protected by section 101(b)(2); larger units deserve equal protection.

Section 101(c). The Secretary's designation of prime sponsors should be automatic by virtue of population. We would prefer a direct reference to sections 101(a) and (b).

Section 101(d). We support this approach and would like to see language requiring sub-state allocations based on need, as defined by the formula or an approximation thereof when data is unavailable.

*Section 102. Insert language "and for which no other prime sponsor has qualified." Direct program operation by the Secretary should be a last resort. Prime sponsorship should first be offered to the next higher unit of government.

Section 103. In general, this section writes regulations into law. We strongly endorse the notions of a one-time agreement and of multiple year planning (and funding), at least for the structural aspects of the program. However, we feel that the emphasis on detailed, categorical annual program supplements negate these positive changes by moving away from the notion of a truly comprehensive plan for an area.

Our specific recommendations are designed both to maximize the comprehensiveness of the planning process and to reduce unnecessary paperwork.

Section 103(a)(1). The proposed prime sponsor agreement should be the basic document outlining a comprehensive employment and training plan for all formula grants to prime sponsors, specifically including Titles II, IV and VI, as well as necessary assurances and certifications.

Section 103(a)(2). Delete.

* Section 103(a)(3). Rewrite as follows: "individual formula program supplements, limited to a Program Planning Summary and a Budget Information Summary for each formula program, and, in rare cases, short descriptions of program arrangements unique to the program and not mentioned in (1) above."

Section 103(a)(4). Delete and replace with the following: "program supplements for non-formula grants to the extent that they differ from information contained in (1) above."

*Section 103(b)(1). We applaud the one-time submission of prime sponsor agreement and urge that the bulk of required submissions be part of it.

Section 103(b)(1)(A). Replace the semi-colon with a comma and insert the following: "including an analysis of the area's occupational/industrial growth patterns, public service needs and the eligible population broken out by such demographic factors as sex, race and age to the extent that reasonably accurate data are available." This would allow the deletion of section 103(c)(4), (5) and (7), and 103(d)(4) and (9).

*Section 103(b)(1)(A). Renumber the section and insert a new section (b) as follows: "a description of formula grant services to be provided, and performance goals." This insert (section 105(a)(1)(A) of P.L. 93-203) calls for an outline of the overall CETA system of formula grants as a genuinely comprehensive system and builds in a process of prime sponsor - DOL negotiation and agreement on the measures for success at the appropriate time and place - when a legal agreement on the use of funds and results expected is being made and in the context of local needs and program design decisions.

*Section 103(b)(1)(D). Insert the following from P.L. 93-203: "including assurances that this process: (i) provides for utilizing those services and facilities which are available, with or without reimbursement of the reasonable cost, from Federal, State, and local agencies to the extent deemed appropriate by the prime sponsor, after giving due consideration to the effectiveness of such existing services and facilities, including, but not limited to, the State employment services, State vocational education and vocational rehabilitation agencies, area skills centers, local educational agencies, postsecondary training and education institutions, and community action agencies, but nothing contained herein shall be construed to limit the utilization of services and facilities of private agencies, institutions and organizations (such as private businesses, labor organizations, private employment agencies, and private educational and vocational institutions) which can, at comparable cost, provide substantially equivalent training or services or otherwise aid in reducing more quickly unemployment or current prospective manpower shortages; (ii) provides that the need to continue programs of locally demonstrated effectiveness is taken into account." This insertion would reinforce the notion that effective performance in a particular locality is the primary concern, followed closely by the need to utilize existing resources to the extent consistent with effectiveness.

Section 103(b)(1)(E). Delete the semicolon and insert the following: "and appropriate arrangements with community based organizations serving the poverty population, and other special target groups for their participation in the planning of programs included in the plan." By including this description [now 105(a)(3)(A)] in the PSA, duplication in each program supplement can be avoided.

Section 103(b)(1)G). Delete. The Secretary's bill incorporates current regulations on this subject.

*Section 103(b)(2). Delete. The PSA requires a description of processes for the selection of service deliverers based on local effectiveness. The specific agreement, particularly if a transfer of funds is involved, usually cannot be finally executed until after the PSA is submitted. Moreover, operating agreements must be subject to ready adjustment during the year in response to performance and changing circumstances. USDOL will be reviewing all service delivery arrangements during the course of the year based on the prime sponsor's legal commitment to criteria for selection. The inclusion in the PSA is ultimately unnecessary.

"Section 103(c). This should be limited to the PPS, the BIS and, rarely, special program plans unique to Title II and not mentioned in the PSA.

"Section 103(c)(1). Delete. This is more appropriate in the PSA and would be covered by our proposed new section 103(b)(1). The reference to the Secretary's performance goals must be deleted. This is a key step in the movement away from programs tailored to local communities and toward nationally uniform programs that cannot meet any community's needs. By necessity, any performance standards developed by the Secretary will reflect a "norm." In practice, both Labor Department and prime sponsor officials will be pressured to make program changes that will result in "standard" outcomes at the expense of unique local needs. We believe that each prime sponsor's grant should contain performance goals, negotiated in light of the local situation, which are the sole measure of that prime sponsor's success. It is impossible to design and measure programs both on a nationally uniform standard and on locally determined goals.

Section 103(c)(3). Delete. Duplicates our recommended change to section 103(b)(1)(E).

Section 103(c)(4). Delete. Duplicates our recommended change to section 103(b)(1)(A) in terms of the eligible population. This information on prime sponsor staff should be submitted only once, not separately for each title. Moreover we wonder how it will be used. Further, has the Administration thought through how it will define and collect information on "national origin"?

"Proposed activities and services" would be fully covered in the Prime Sponsor Agreement and are not necessary here.

Section 103(c)(5), (6) and (7). Delete. These would be covered by sections 103(b)(1)(A) and (B).

"Section 103(c)(8). Delete. This is a list with no direct relationship to the plan. Moreover, the intent would be covered by our recommended change to section 103(b)(1)(D).

Sections 103(c)(9) and (10). Delete. These should be part of our proposed new section 103(b)(1)(B).

Section 103(c)(11). Delete, unless the Administration is prepared to require comparable efforts on the part of the other agencies and to make program, planning and definitional changes to facilitate the effort. Prime sponsors are anxious to coordinate their efforts, but face consistent federal barriers.

Section 103(c)(12). Delete. These provisions are the Secretary's regulations.

*Section 103(d). The supplement should be limited to a Program Planning Summary, Budget Information Summary and items unique to this title and not covered by the PSA.

Sections 103(d)(1) and (2). These are currently part of the PSA and should be part of section 103(b)(1).

Section 103(d)(3). Delete. This should be part of section 103(b)(1)(B).

Section 103(d)(4). Delete. Duplicates section 103(b)(1).

Section 103(d)(5). Delete. This should be part of the prime sponsor agreement, but it would be most useful as an annual report of actual jobs filled by generic type and numbers in each type of agency. Moreover, if USDOL is to compile national statistics on PSE jobs, it must be done generically, not by individual employers' names or job classifications.

Replace "how these jobs relate to" with "the expected impact on."

Sections 103(d)(6), (7), (8), and (9). Delete. These items should be in the PSA. Revise to read as follows: "Criteria to be used in distributing funds and jobs among potential agencies and units of governments." We think this is a clearer statement of the intent of section (8).

Section 103(d)(10). Delete. As mentioned previously, these provisions are the Secretary's regulations.

*Section 103(e). Requirements for Title IV formula grants should also be part of the prime sponsor agreement, including at least YETP and summer jobs.

Section 103(f). We would prefer deleting this section to avoid confusion over the role of the council as defined here versus section 103.

Section 103(g). We recommend that, where these programs operate in a prime sponsor area, the prime sponsor be allowed to review and comment prior to the Secretary's final action.

* Section 104. Overall, we strongly prefer section 108 of P.L. 93-203.

Section 104(a). The "45 days" has no place in the law. Normal practice has been for the Labor Department to waive the current 30 day period of prior review because its regulations, forms and instructions are seldom available sufficiently before grant applications are due to allow for any prior review and comment. If this provision remains, it should be coupled with a requirement that Labor's instructions be finalized no less than 90 days prior to the submission date.

Section 104(a)(1). Insert "summaries of" before "such plan."

Section 104(a)(1)(B). Delete. The Governor will ask his or her council to review the plan.

Section 104(a)(1)(C). Delete. Council involvement is qualitatively different per section 109.

Section 104(a)(1)(E). Clearly identify central labor councils as appropriate, to avoid the implication that each of hundreds of separate unions must be sent individual plan summaries.

Section 104(a)(2)(B). This is more appropriate for regulations than the law. In any event, it should be clear that each prime sponsor must choose among these and other options how best to publicize its plan.

*Section 104(b). Delete everything after the first "recommendations." The documentation is an inordinate and unnecessary burden on staff time and resources. Submission to the Secretary compounds the problem.

The plan itself is a massive documentation of the reasons for the choices made by the prime sponsor, who is required by law to solicit and respond to a whole range of views. The Secretary is required to insure that that process takes place, presumably by on-site monitoring as well as paper submission. Any disgruntlement at the prime sponsor's decisions can be appealed to the Secretary for investigation. Therefore, the advance documentation of choices not made merely adds paperwork without adding to the protection of dissenting views already built into the system.

*Section 104(c). Replace with section 105(c) of P.L. 93-203: "The Secretary shall provide finaicial assistance to each prime sponsor under this title to carry out the plans submitted by each such prime sponsor upon determining that -
(1) the plan is consistent with the provisions of this title;
(2) the plan was made public prior to submission to the Secretary;
(3) the prime sponsor has demonstrated maximum efforts to implement provisions in the prior year's plan."

At a minimum, delete the phrase, "taking into account. . .council." There is no justification for presuming that comments from the state level carry more weight than local considerations of need and service priority unless DOL genuinely assumes that shoring up SETCs and SESAs, rather than providing effective services to the client community, is the basic purpose of the Act.

Consideration of performance should reflect the language of section 105(c)(3) in existing law.

Delete the last sentence. The Labor Department is prone to define a single nationally uniform solution when confronted with a single operational problem. Prime sponsors need negotiating leverage.

*Section 104(d)(1). Delete. A process of negotiation is clearly intended. This is unnecessary and implies an ability to dictate specific remedies.

*Section 104(d)(2). Replace with sections 108(b)(1), and 108(c) and 108(d) of P.L. 93-203.

Short of this solution, replace everything after "provided" in (c)(1) with the following: "that the prime sponsor has been afforded reasonable notice, but not less than 30 days, and an opportunity for a formal hearing." In addition, this process must cover modifications as well as plans. Finally, we strongly urge the inclusion of section 108(c) of P.L. 93-203.

*Section 105(b)(2). The Governor can play a role here. However, the ills of the Wagner-Peyser Act cannot be cured by amending CETA, nor can the ES-CETA relationship be clearly defined by amendments only to CETA. We urge the simultaneous review of CETA and Wagner-Peyser to address this issue.

Section 105(b)(3). Delete. This implies an authority the Governor does not have.

Section 105(b)(5). Delete. Items (1) and (6) fully cover this.

Section 105(b)(7). Prime sponsors would welcome this.

Section 105(b)(9). Add the following new sentence: "Any such model program or component of such program to be conducted within a local prime sponsor area shall not be finally approved until the appropriate prime sponsor(s) has a reasonable opportunity to review and comment, and the Governor shall make every effort to coordinate such programs or components with the prime sponsor(s) plan."

Section 105(c). Add, "and any prime sponsors in whose areas special programs would be operated."

*Section 106(b). Immediately after the words, "the Secretary shall investigate," insert the following phrase, "and promptly resolve." The prime sponsor should be notified and provided an opportunity for a hearing concerning the findings of any such investigation.

*Section 106(c). Provide an option short of revoking the whole plan. See section 108(b) of P.L. 93-203.

Section 106(c)(1). Delete the reference to significant segments of the population. These segments are identified and agreed to by the Secretary in the prime sponsor's grant. Thus, this should be dealt with as a failure to live up to the grant agreement.

Section 106(c)(2). Change to read, "the prime administrative costs significantly above the amount in the approved plan."

Section 106(c)(3). This should refer to the process of consideration spelled out and approved in the prime sponsor agreement (section 103).

Section 107(a). Restore the language of section 109(a) of P.L. 93-203 requiring the Secretary to "file in the court the record of the proceedings on which he based his action." Surely, it is not unreasonable for the Secretary to document reasons for strong sanctions like terminating grants. In addition, this should reference section 108 and the rejection of modifications.

Section 107. Add a new subsection (c) using the language of P.L. 93-203, section 109(c).

Section 108(a). Rephrase this section as follows: "The Secretary is authorized to reallocate any part of the unobligated amount of any allotment under this Act to the extent that the Secretary determines that it will not be used during the period of time for which the allotment is available. Allotted amounts may not be reallocated for any reason before the expiration of the sixth month after obligation of the funds to the prime sponsor."

Our recommended changes would protect funds needed to meet the legal obligations entered into in good faith by the prime sponsor and would provide six months of operations prior to reallocation. The former is obviously necessary. The latter is based on the assumption that grants are signed only after the Secretary has been convinced that the grantee can perform and that six months is a reasonably short period in which to demonstrate a conclusive inability to use the funds as planned.

Section 108(b)(3). First priority should be the next larger unit of government for services to residents of the original areas. The advice of the Governor and the SETC should be sought in selecting other areas.

Section 109(b). Insert the phrase, "to the extent practical."

Section 109(c). Why must the chairperson be a public member? The elected official should be able to designate the chair of his or her advisory council.

The prime sponsor should be required "to provide staff support responsive to the council." It is virtually impossible for a volunteer council to hold staff accountable. Council staff must report to the prime sponsor staff director who reports to the chief elected official.

Sections 109(b) and (e). Council functions and membership as outlined here should encompass the entire Act, specifically including titles IV and VI.

Section 110(a)(2). For the reasons outlined above, it is impossible for the SETC to hold staff accountable. The governor should be free to designate the chairperson.

Section 110(a)(3). It is inappropriate to direct the Governor to include specific percentage of membership behind the currently pending one-third for local prime sponsors. We strongly endorse the restoration of the language of P.L. 93-203, section 107(a)(2)(A)(i).

Section 110(b)(1). Change the first part of this section to read as follows: "to review prime sponsor plans and monitor the operation of prime sponsor programs and the availability. . ."

*Section 110(b)(4). Delete. This duplicates the revision above and is based on section 104, which is totally unacceptable.

Section 112. We recommend that all authorizing language, such as that for title VI, be consolidated into similar sections in this title.

*Section 112(c). Since other changes imply a move to three-year planning and funding, this section should permit that possibility.

*Section 112(d). Change to read as follows: "not more than 20 percent of the amount appropriated under title II shall be available for title III." As it is, the draft would more than double the amount spent for title III programs. Less acceptable would be to change 20% to 10% and retain the existing language.

Title I, Part B

Section 121(a). What consideration has been given to the implications of age and handicapped provisions here, particularly in regard to Title VIII?

*Section 121(g). This requires that allowances be paid for all training. It should exclude OJT. Prime sponsors should have the authority to waive allowances in certain circumstances as specified in section 124.

Delete "in any five year period." While we agree with the intent in general, it is hard to envision a system of enforcement; and this is impossible to administer. Prime sponsors with computerized information systems could presumably run periodic checks of current enrollment against total enrollment over five years by social security number, presuming they first enter all enrollees into the computer system. A manual system, however, would have to rely upon an enrollee's self-certification and massive cross-referencing of enrollee records. We would guess that over half of the prime sponsors use a manual system. Finally, prime sponsors now retain records for three years. This would require a five year retention of all enrollee records.

Section 121(h)(4). This goes too far. Certainly, "new branches, subsidiaries and affiliates" are not to be discouraged. It is the use of CETA funds to encourage the closing and relocation of firms that should be prohibited. Don't place further obstacles in the way of CETA-private sector linkages.

Section 121(i)(4). Change to read, "unless the prime sponsor determines that there is . . ."

Section 121(j)(3). What is the intent? We oppose matching requirements.

*Section 121(k). Replace with language from P.L. 93-203 quoted in our comment on section 103(b)(1)(D).

Section 121(m). Move to section 124.

*Section 121(n). Delete. This outlaws any coupled work-study efforts where work is more than half of the enrollee's hours (the usual arrangement); denies the need for longer-term confidence-building and experience for some clients, such as discouraged workers, displaced homemakers, the handicapped, and many older clients; ignores the fact that 6 to 12 months' experience on a resume is necessary in some highly competitive labor markets; and cruelly constrains the counselor/enrollee design of a plan of action suited to the individual's needs.

*Section 121(o). Revise as follows: ". . .of any participant enrolled on or after the date of implementation set in section 3 to a state or local retirement fund, notwithstanding the equal benefits provisions of law. Funds may be used to continue contributions for participants enrolled prior to that date in such a retirement system if the participant is already a part of such plan because of his or her status under the Act." It is essential that this potentially destructuve issue be addressed.

Section 121(p). However meritorious the provision "to the extent consistent with legally mandated state or local procurement procedures" must be added.

*Section 121(r). Delete. It is inappropriate to determine nationally that each of the millions of individual CETA clients requires any one of the possible services provided for.

Section 121(u)(1) and (2). We recommend that this be part of section 121(s), and that veterans be identified as a significant segment.

Section 121(x). Delete. This is clearly unnecessary.

Section 122(b). Add language specifically allowing cross-enrollment agreements between prime sponsors.

*Section 122(c)(1). Delete. Eligibility criteria should be spelled out in the appropriate title, not here.

Section 122(d)(1). It must be understood that, despite maintenance of effort provisions, "substitution" is mandated by law in areas that have experienced significant lay-offs.

Section 122(g). This should include the phrase "to the extent feasible." While the intent is laudable, prime sponsors should not be held accountable for taking actions for which they may not have the authority. Specifically, an independent civil service board or state civil service commission frequently has the final say in these matters. The ills of the various civil service systems cannot be cured solely through CETA.

Section 122(h). Delete "addresses" to protect enrollees from harassment in their homes.

*Section 122(i)(2). Delete "in the preceeding five years." Although we understand the intent, it would be virtually impossible to enforce, even by self-certification and particularly in areas without fully computerized records. Self-certification that an applicant had held a PSE job presumably could not be used to disqualify the applicant unless a record check showed a full 78 weeks' enrollment. Otherwise, the applicant would have to be certified for up to x number of weeks and monitored individually to insure termination at the appropriate time. Moreover, records now must be kept for three years not five. This has tremendous implications in terms of space, equipment and personnel costs.

*Section 122(f)(1). Change $10,000 to $13,500 to reflect wage increases since 1973. Alternatively, it may be possible somehow to index wage ceilings geographically, perhaps at 75% of the BLS lower living standard budget. In light of sections 124, 122(j)(3) and 608, this must be changed.

*Section 122(j)(2). Delete. The Secretary has never been able to issue satisfactory guidelines in this area. Further, PSE is effective partially because of prime sponsors' proven ability to respond quickly to appropriations. No standard area data effectively measures only those employers and jobs appropriate to PSE. Therefore, this is an unnecessary and destructive constraint on a triggered program whose primary purpose is to respond quickly to fluctuations in national or local unemployment.

*Section 122(j)(2)(A). Delete. While we understand the desire to protect against "substitution," this throws the baby out with the bath water. With a $10,000 ceiling, requirements that enrollees receive prevailing wages and equal benefits (including salary increases), and the rise in public pay scales in recent years, this makes it almost impossible to give the PSE enrollee the time in a job necessary to convince the employing agencies to take the steps necessary (budget requests, etc.) to hire the enrollee permanently.

*Section 122(l). Unemployment benefits for PSE participants, now that state and local governments participate (P.L. 94-566), could have unexpected results, i.e., ruining an employer's experience rating and thus raising its costs across the board or pushing a small non-profit into the UI-covered category for its full payroll. This could cause massive refusals to hire PSE workers and must be addressed. Any reference to unemployment compensation for participants in public service jobs under the act should:

- specifically exempt wages paid public service jobs enrollees from wages reported by employers for FUTA tax purposes; and
- specifically provide that such wages shall be reported separately from any other wages reported by employers for unemployment compensation purposes; and
- specify that unemployment compensation benefits paid based on wages earned in public service employment under the act shall be paid from federal general revenues; and
- specify that unemployment compensation benefits paid based on wages earned in public service jobs under the act shall not be taken into account in computing the experience rates of contributing employers, under state laws.

None of the above begins to deal with the problems of work experience coverage, however.

Delete the phrase, "and must include nonfederally financed employees." Exclude retirement coverage from equal benefit protection as phrased in our comments on section 121(e).

Section 123(b). Add the following new sentence: "Moreover, the Secretary shall make no grants, contracts or agreement in excess of $10,000 for employment and training activities to be conducted in a prime sponsor area under his discretionary authority without first considering the comments and obtaining the approval of the prime sponsor and its planning council."

Section 123(c). Add a reference to other services for the poor and near-poor, such as de-leading.

Section 123(d). Add the following: "All allocations and data from which they were derived shall be published in the Federal Register no later than ten days after their announcement. Determinations concerning the rate of unemployment shall be made by the Secretary at least once each fiscal year."

*Section 123(g). This is a tremendous step in the direction of administrative simplification. However, without significant changes in the grant process and section 103, in particular, the benefits may not be as great as we expect.

*Proposed new section 123(j). "Notwithstanding any other federal or state law to the contrary, no person shall be eligible for unemployment compensation based on participation in public service employment or work experience activities under this act, except as and to the extent that such unemployment compensation is specifically provided for by federal law and funded from federal general revenues.

"Wages paid based on participation in public service employment or work experience under this act shall be exempt from taxes under the Federal Unemployment Insurance Tax Act (FUTA). Wages paid based on public service employment or work experience under this act shall not be taken into account in determining the experience rate of employing agencies under state unemployment compensation laws."

In 18 states, work experience participants are covered by UI. With the passage of YEDPA, the prospect of greatly increased work experience for youth and public employers' new self-financing UI responsibilities (P.L. 94-566), public and many private non-profit employers must begin to look at the liabilities associated with either work experience or PSE: the effect of temporary workers on their UI experience rating, in particular. In states that have established special UI contribution rates (usually well under 1%), work experience and PSE could force the rate up to 3 or 4 percent of the entire government payroll. Anticipation of this effect alone could make CETA worksites dry up quickly.

Section 124(a)(1). The prime sponsor is in the appropriate position to set allowances. Report language should indicate a desire for real flexibility as well as fairness.

Section 124(a)(2). This provision has led to debate as to the original congressional intent and has created inequities in service delivery to clients.

Because the legislation indicates that public assistance recipients shall get a $30 week incentive allowance, regulations have been issued prohibiting such recipients from receiving basic allowances equal to the minimum wage. Certainly, the rationale for both the wording of the law and that of the regulations is to safeguard the rights of welfare recipients rather than to abrogate these rights. Probably, the purpose is to assure that recipients do not forfeit public assistance by their participation in work and training programs, and to assure that they receive some reward or incentive to participate. These

assurances should continue to be reflected in the law and in the regulations. However, care should be taken in the future to avoid those consequences of wording which are actually contrary to good manpower programming.

One of the side effects of the wording referred to above has been to force youth programs into a real dilemma. Most youth programs have been designed to respond to major needs of youth: (1) the need for immediate income for those youth who are economically disadvantaged and (2) the need for good skills training. CETA programs for out of school youth can provide both of these for everyone except the youth from AFDC families.

Under current regulations youth from AFDC families can't have both income and training. They have to choose one or the other. If these youth are enrolled in good quality basic education or skills training classes 51 percent of the time, they will only take home $30 each week; their classmates who are not in AFDC families will take home $106 for a 40 hour week. To those youths who'd like to buy some good clothes for a job interview or buy an old car and fix it up to get to and from work, the money makes a lot of difference. Prime sponsors have realized this and some are advising these youth to limit their classroom participation and increase their time in work experience slots. This means that the youths can earn wages of $106 a week, thus meeting their immediate income needs. But those youths in AFDC families who want to break out of the cycle of poverty and who see the way to do this is to invest time in further education or in technical training, i.e., the truly motivated youth from AFDC families, can pursue these long range goals and objectives only at the sacrifice of immediate income.

While those AFDC youth in out-of-school programs suffer because most out-of-school programs run for more than 12-15 hours each week, the opposite is true for in-school youth and in-school programs. If the in-school youth program happens to provide only 10 hours of classroom activity under CETA, then AFDC youth may be required to receive the full $30 (which would amount to $3.00 an hour) while their classmates who are not a part of AFDC families would receive only the minimum wage of $2.65 an hour for a total of $26.50 each week. Because of official rulings against individual allowance waivers, some prime sponsors have found themselves caught up in what seems to be an inequitable system.

Section 124(b). Change item (3) to read as follows: "the prevailing rates of pay for other employees similarly employed."

Section 124(d). Prime sponsors should clearly have the option to pay more than the minimum wage where appropriate.

Section 125. This still raises questions: Do Davis-Bacon wages apply to youth clean-up projects, to artists' murals, etc?

Section 126(1). Add, "in the prime sponsor area."

* Section 126(5). This definition presents a dilemma: will it be used for eligibility or reporting purposes? If for eligibility, it should retain its current broad interpretation. However, prime sponsors are often faced with legal restrictions on what information can be requested and reported about an individual's involvement with the criminal justice system, especially prior to conviction. We recommend that this section be reviewed with experts in LEAA or the Justice Department, especially in terms of reporting requirements. Perhaps there are terms, like "special referrals," that avoid the stigmatization that many of the new state laws are designed to eliminate.

* Section 126(10)(B). Change to 100% of the BLS lower living standard budget.

Section 126(10)(C). Do not restrict this to people who are "institutionalized, given the trend toward "in-community" care.

Section 126(11). Does the last phrase mean not to exclude new or re-entrants to the labor force?

* Section 126(12). Change to 6 months or retain the current Title II language. Area should not have to wait for a full year's average to qualify.

* Section 126(16)(B). A single income measure should be used. We strongly prefer 100% of the BLS lower living standard budget.

Section 126(16)(C). Add the phrase, "or ward of the court."

*Section 126(16)(D). The last sentence raises serious questions about the potential eligibility of recently divorced or separated people, particularly in light of a growing number of state laws designed to protect displaced homemakers.

Proposed new section 126(16)(E). Include youth participating in pre-trial diversion and other non-institutional programs in criminal justice.

Section 126(20). Is this a change? What is the "All Urban Consumer Index"?

Section 126(21). Delete. This is not necessary and may cause further confusion.

*Section 127(a). Delete. "including performance standards." Performance goals are more appropriately built into each prime sponsor's grant so that they can be geared to the particular economic situation, client groups and mix of services designed specifically for that community. Moreover, it is both fairer and more effective to insure that performance expectations are clear and that there is a reasonable expectation of stability from the outset. Nationally uniform standards can appear at any time and, worse, will tend to direct local planning decisions away from unique local needs. The last sentence should be replaced with the following: "All such rules, regulations guidelines and other published interpretations or orders under this Act shall be published in the Federal Register at least thirty days prior to their effective date. Copies of all such rules, regulations, guidelines, and other published interpretations or orders shall be transmitted to the appropriate committees of the Congress at the same time and shall contain with respect to each material provision of such rules, regulations, guidelines, and the other published interpretations or orders, citations to the particular substantive section of law which is the basis therefor."

Proposed new section 127(a). Add: "In making such grants, contracts or agreements under any title in excess of $10,000 for carry on of any employment and training activity in a prime sponsor area, the Secretary shall consider the suggestions and obtain the approval of the prime sponsor, with the advice of its planning council, prior to final action on the proposed grant, contract or agreement, and shall insure that the grantee makes regular reports to the prime sponsor on an on-going basis."

*Proposed new section 128(d). Add: "No later than March 1, 1980, the Secretary shall report to the Congress his or her proposals on how best to integrate the CETA youth efforts into the basic system of flexible, decategorized and decentralized programs established under Title II."

Title IV is experimental by design. It must not be allowed to remain a permanent part of the law by default.

*Section 128(d). Delete. Such "periodic" reports - over and above the normal program reports, publication of plans, and internal management reporting - are duplicative and unnecessary.

*Section 128(d)(2). Delete "cross-tabulated." There may not be graph paper made that could accomodate this - and it certainly would not fit in a xerox machine! Assume there are an average of three break-outs for each item. [Sex, race (white/other) and handicap (yes/no) are the only ones that conceivably could have only two.] This would result in a matrix with 24 items on each side and a total of 576 data bits. Interesting? Yes, but nowhere near necessary!

Section 133(a). With the full implementation of federal age discrimination law on January 1, 1979, CETA's traditional focus on youth (as well as the "youth hold harmless") must be examined to determine if CETA should be exempted. If so, specific legislative language would be necessary here.

What is the implication of "handicap," particularly in Title VIII?

*Section 134(a). In requiring outside audits of CETA sub-agreements, the Secretary must provide additional financial assistance. PSE and YCCIP "projects," in particular, have forced the number of subgrants and contracts in many prime sponsor areas up into the hundreds. It is no longer possible for most prime sponsors to pay for these audits out of limited administrative funds.

*Section 134(c). Add the following: ". . ., except that requirements for submission of reports more frequently than quarterly shall be published in the Federal Register for review and comment at least 30 days prior to the effective date of the requirement and shall be submitted simultaneously to the Secretary to the Cabinet and Intergovernmental Affairs at the White House." This addition is in the spirit of the President's announced intention to reduce unnecessary paperwork drastically.

Title II, Part A

Section 201. See our objection to "increased earned income" in comments on section 2. We prefer the language of P.L. 93-203 section 101.

Section 202(a)(1). The 5% vocational education money should increase the formula distribution to 90%.

Section 202(b). Delete.

Section 202(c). One percent "off the top" of funds for the title is a lot different from 1% of the formula amount as in the present law. Why not keep the present language and make up the difference to $50,000 from the Secretary's discretionary pot if the Secretary wants to strengthen SETCs?

*Section 202(e). Although a full 5 percent is no longer reserved for consortium bonuses, there should be no retreat from the intent to provide incentives for consortia creation. We question the Secretary's definition of "advantages". We thought the incentive was based on the notion that it is an advantage to limit the number of prime sponsors in a labor market, if the agreement can be reached voluntarily.

Section 202(f). Publication in the Federal Register should include all allocations made pursuant to this "title" and not "section".

*Section 202(g). Money for advisory council support should clearly come from the administrative cost pool.

*Section 203(b). We object to an imposed ceiling on use of funds for upgrading. That should be a local decision, subject to normal negotiation in the grant approval process.

Section 204(a). We support the direct allocation of vocational education funds to prime sponsors as provided in section 202(b). However, we disagree with the notion of set asides and feel that this section is simply not needed.

*Section 205. Job search should be in the definitions in Title I.

*Section 205(a)(1). Choice of SES should be conditioned on each local office's demonstrated effectiveness in relating to the CETA client community. The language of P.L. 93-203, section 105(a)(3)(B) is called for.

Section 205(b). We support the need for this statement in the Act.

Title II, Part B

*Section 211(3). "Referral to appropriate employment, training, or other opportunities" language has been eliminated from the list of services. These are not clearly included in section 205. They should be part of the prime sponsor prerogative.

*Section 211(4). Orientation and counseling have been eliminated. This is not acceptable.

*Section 211(7). Why not make the limit "50 percent of the wages paid during the period of training?" This would eliminate some of the paperwork so often mentioned by private employers unwilling to accept OJT enrollees.

Section 211. Add a new item, "other activities consistent with the goals and purpose of the Act."

*Section 212. This section must be eliminated. Maintenance of effort language of this nature makes no sense and destroys the programmatic flexibility so important to this title.

*Section 213. We could support eligibility at 100% of BLS lower living standard income for all titles of the Act, except countercyclical PSE. Preferably, eligibility should be economically disadvantaged or unemployed or underemployed here.

Targeting makes sense as long as you can really be sure of reaching the "most needy". The first question to be asked in looking at this section is, "who among the needy are being excluded?" For the first time in CETA, eligibility for basic, comprehensive services such as vocational training, OJT, work experience, etc., is limited to individuals who are both economically disadvantaged and unemployed, underemployed, or in school. This would exclude:

- handicapped individuals whose incomes exceed OMB poverty guidelines,
- youth who have experienced problems with the law but who are neither institutionalized, wards of the state, nor in families at OMB poverty income levels. Yet these are youth who might most benefit from the services available under Title II.

For example, in one prime sponsor area the local planning council last year allowed some monies from current Title I to be used to support summer youth work experience for handicapped youth. The decision was a responsible one, continuing services to economically disadvantaged youth with Title III summer youth monies but adding funds to support 10 additional handicapped slots for every 100 economically disadvantaged slots. The community was better served by this flexibility in terms of its assessment of groups in need of manpower services.

The ability to serve needy population groups identified locally would be strictly limited by the proposed requirement of economically disadvantaged status and unemployment, underemployment, etc. The irony in the increased targeting for this title is that it has always been the title to enroll the most severely disadvantaged. The opportunities under this title enhance employability, but defer rewards. In other words, an enrollee can barely expect to get poverty wages/allowances under this title, so only the most desperate take advantage of the opportunities here and there are very few cases of abuse.

Title II, Part C

Sections 22[illegible] and (b)(2). Apparently, there are no income criteria in determining eligibility for this part. If so, it should be clearly stated.

Title III, Part A

"Section 301(a). Programs funded under Title III, Part A should be for segments of the population that have particular disadvantages, cross-cut geographical boundaries and are uniquely susceptable to federal solutions. Such groups include but are not limited to Indians, migrants and immigrants.

Further, we propose that language be added here to insure that any Title III program which would operate in a prime sponsor's area must demonstrate consistency with the local prime sponsor plan and the Secretary must seek affected prime sponsors' review and comment prior to funding such projects.

"Section 301(a)(1). The Secretary should annually publish his plan to meet the purposes of this section.

"Section 301(a)(2). We assume that national administrative decisions would be based more appropriately on the clients to be served, such as immigrants, migrants and Indians, than on the organizations the Secretary would like to finance.

"Section 301(a)(3). Why are prime sponsors omitted from this list?

Section 301(a)(6). How is this defined? Would a Governor have to declare an area a disaster? Would prime sponsors be able to ask the Secretary for increased assistance?

Section 301(b). This section should be extended to allow for work with offenders in federal, state, county and city jail facilities.

"Section 301(c). Comments should be from the prime sponsor, taking into consideration the advice of its advisory council. This section bypasses the local decision-making process established by the Act.

In addition, the section should refer to all of Title III. Delete "to the extent appropriate." Specific exceptions should be listed instead. Since "coordination" has been elevated to a part of the purpose of the Act, there is no excuse for continuing the current practice of funding programs without even informing the prime sponsor or Labor Department regional office.

Section 304. Again, prior prime sponsor review and comment is essential.

Section 305. See comments on section 205.

"Section 305(a). Again, prior consultation with the prime sponsor is essential.

Section 305(b)(2). If these eligibility requirements remain here, they should be restored to Title II. Why is the Secretary trying to serve a less targeted group than that specified in the rest of the Act, including the purpose?

Title III, Part B

*Again, projects that will operate in a prime sponsor area should be subject to prior review and comment.

Section 311. The Secretary, going back to MDTA and EOA and including CETA, has funded a variety pack of research efforts. We suggest that a section be added to require the Secretary to catalogue, tabulate and disseminate summaries of these efforts so that programmatic, administrative and structural suggestions are made easily available as a resource to prime sponsors.

Section 311(c). This should be extended to all cash assistance program recipients and not just limited to AFDC. This will help the flexibility of the welfare demonstration projects requested in the President's Budget.

Section 311(d). We support continued use of the voucher approach [P.L. 93-203 section 313(c)].

Section 311(e). Flexible hours, job-sharing, etc. was written into the title VI amendments. Some data on the use of this technique particularly in PSE is vital for welfare reform jobs.

Section 312(b). We support the changes here.

Section 313(a). Should language classifying "types" of prime sponsors be in the law? Prime sponsors would welcome technical assistance and informational feedback on these evaluations.

*Section 314. A specific percentage of funds should be reserved and targeted for on-site technical assistance (similar in concept to reserves for migrants and Indians). The first priority in the use of such funds should be for prime sponsor to prime sponsor technical assistance.

Title IV

*This title, which comprises over one-third of the bill, is in desparate need of revision and simplification. In addition, the Secretary should follow federal procurement regulations and submit proposed discretionary grants to the appropriate prime sponsors for review and comment prior to funding.

Section 400. We suggest that the use of "improve their employability" language is excellent.

*Section 401(a). Eligibility for parts A, B and C should be uniform with Title II at 100% of BLS lower living standard income level. This change would be closer to the original congressional intent, especially when you consider YCCIP. In addition uniform eligibility will ease the problems of providing participants with needed services under other titles.

Title IV, Part A

Section 420(d). This is excellent. Flexibility is always welcome.

Section 422(a)(4)(F). A typographical error omitted Section 422(a)(4)(E). Section 422(a)(4)(F) and subsequent sections should be redesignated accordingly.

Section 424(3). How would one measure this?

•Section 430(a). We object to the fact that prime sponsors and project applicants must incur expenses to develop project applications without any assurance that the prime sponsor will receive any funding. It seems that DOL is putting the "cart before the horse."

In addition, the requirement of this section that the prime sponsor include both copies and summaries of all project applications is an unnecessary addition to paperwork.

Information should be required only where it differs from the PSA in section 103.

•Section 431(a). This provision runs counter to the concept of local decision-making. Is the Secretary sufficiently knowledgeable of local needs so as to be able to make informed decisions concerning the approval of individual projects?

•Section 433. Delete "but not replacing programs and activities available under Title II of this Act." This is interpretted as a rigid freeze on Title II programs.

Section 437(b). Add language prohibiting proscriptive regulations by the Secretary which limit prime sponsors' use of this provision. The current regulations contradict Congressional intent.

•Section 438(a)(2). Eliminate the "hold harmless" on title II services to youth. What is the relationship to federal age discrimination legislation?

•Section 438(a)(6) and 438(b). The youth council should be a subcommittee of, or the full, prime sponsor council. Move to section 109.

Section 438(c)(3). Change to read, "and utilized to the extent necessary." Eliminate this reference to the local education agency.

Title IV, Part B

Section 453(a). How about adding prime sponsors to the list of organizations through which screening and selection will be implemented?

Section 460. How about utilizing the prime sponsor and its advisory council structure? It would seem to be a logical council function and eliminate unnecessary duplication.

Section 464(a). Effective participation by prime sponsors, especially those in areas where Job Corps centers are located, should be included.

*Section 464(c). The prime sponsor in the affected area should also have an opportunity to comment on the proposed Job Corps site to assure local input.

Title IV, Part C

*Section 480(b). This reflects current regulations which prohibit the creation of summer jobs apart from educational or training opportunities. Although coupled programs are attractive, the massive, short-term nature of this effort often makes it difficult enough simply to find enough productive jobs and insure adequate supervision. It is our belief that this is primarily a summer jobs program, with other activities provided if the prime sponsor determines they are appropriate and feasible.

*Section 482(a). Why not make the summer program a part of the overall plan in section 103(b)?

Section 482(b). We support a reserve up to 1½% assuming it is targeted to section 482(c)(1)(B). The first draw down on the reserve should be to meet the hold harmless. After that, funds shall be allocated to all local prime sponsors with unemployment over 150 percent of the national rate. All discretionary allocations along with the methodology for those allocations must be published in the Federal Register.

*Section 482(c)(1)(B). Funds for the hold harmless should come from section 482(b). The hold harmless on employment opportunities should be limited to 90% of prior year's opportunities in order to target funds based on need.

*Section 483. Delete "standards", as explained previously.

Title V

*Section 502(a)(3). We suggest that membership in this section specify two Governors, two county officials, and two city officials who are currently elected in a prime sponsor area.

Title VI

Section 601. This should be replaced with language establishing a permanent program of public service employment designed to assist the structurally unemployed (defined at 100% of the BLS lower living standard budget) and a national counter-cyclical effort triggered by the fluctuations of the national economy.

The statement of purpose, as expressed here, implies more than can be delivered under the sections which follow. Basically what follows is a program of temporary, low wage, low skill, make-work jobs for the economically disadvantaged who have also been unemployed for 5 weeks. Although related training and services are specifically referenced, the 85-15 split may not allow sufficient monies for these activities and the project approach, according to current administrative interpretations, effectively eliminates section 609. Finally, public services similar to those provided under previous legislation from the Emergency Employment Act through Titles II and VI of CETA would be phased out by the end of fiscal '79, the enrollees terminated, and only projects would be authorized.

Section 602(a). This section is straightforward and makes it possible to honor the President's request for $5.95 billion in FY '79 to continue 725,000 existing PSE positions. Why are the funds "available until expended"? How long can the administration hold funds before obligating them?

Section 602(b)(1). This should be $1 billion for a clearly identified, permanent structural program.

*Section 602(b)(2). The trigger should be 4 percent. Quarterly obligations and, therefore, quarterly grants to prime sponsors must be deleted as unworkable. Apparently the model is based on general and countercyclical revenue sharing. But while the obligation and allocation model proposed is similar to these other programs, the desired programmatic effect is radically different. Local jurisdictions do not have to act instantly to utilize general or countercyclical revenue sharing funds. If they choose to do so, however, they are not restricted as to how they use these funds and therefore they can apply them directly to an outstanding debt or capital improvement venture, i.e. single simple direct one-time expenditures. In order to operate PSE projects, on the other hand, prime sponsors must issue bid specifications, accept bids, review proposals with their council's advice, select delivery agents, write contracts, recruit and hire enrollees, and then work on training and placing enrollees in permanent jobs. This is impossible when funds are available only in 3-month installments.

*Section 602(b)(2)(A) and (B). We would recommend that the trigger start at 4%, with $1.5 billion dollars authorized for every 0.5% up to 5%, and two billion dollars authorized for every 0.5% over 5%. We would further suggest that as the national unemployment rate exceeds 6%, the amount of funds allowed for materials and supplies be increased.

As written, these sections would not provide sufficient funds to do the job. At the current national rate of 6.3 percent, this section would provide only $5 billion; 225,000 jobs would have to be terminated.

Section 603(a). This section is misleading since it implies that a single supplement is all that would be required yearly. Instead at least 4 such supplements would be required, and if prime sponsors wished to modify any of their plans or if the Administration so desired, additional documents would be required.

*Section 603(b). Add "training and supportive services" after "benefits". Add a sentence saying that this is not intended to limit the right to take advantage of section 609.

The 85-15 split language effectively kills the "related training and services" referred to in section 601 unless these changes are made. Basically this is the same language used in the last round of Title VI amendments. When analyzed by USDOL, it was determined that any monies for training and supportive services had to come out of the 15 percent administrative monies. But these monies are required for real administrative activities. Moreover, according to regulations, funds must be used for PSE projects, despite current law's provision similar to section 609.

The specific reference to rental costs (for space as well as equipment), which Congress inserted in the last round of Title VI amendments, has been omitted in this section. Report language should stress Congressional intent to permit these kinds of expenditures under the 15 percent administrative monies, or such costs may be disallowed subsequently by USDOL in regulations.

Section 603(c). Eliminate. It is highly unlikely that teaching positions can be filled, given wage limitations and eligibility requirements.

*Section 604(a)(2). We support a 90 percent level for formula allocations to prime sponsors, with 10 percent for the Secretary's discretion as currently in P.L. 93-203. There may be reason to allocate the first structural pot of funds in a different way than the countercyclical monies.

Section 604(a)(3). Although we have no particular concern with this section, the reference to where unemployed persons reside might open the allocation process up to legal challenge. This phrasing is basically a carbon copy of the language in P.L. 93-203. However, the Bureau of Labor Statistics is implementing a change in its method of collecting sub-state unemployment data so that such data will be based on place of work, not place of residence. It is our understanding that during the phase-in period, some data will be based on place of work and some on residence.

Section 604(b)(2). Delete "through a formula." Otherwise, we strongly approve this section.

Section 604(c). See comments on section 602(b). We support the concept of a permanent program for the structurally unemployed, but prefer that the definition of "area of substantial unemployment" in section 126(12) refer to 3 consecutive months or 6 months of unemployment rather than 12, which is too restrictive.

*Section 605(a). We strongly oppose this section as currently worded, since it restricts expenditures (after FY '79) to projects alone and effectively prohibits, not only the kinds of public service jobs which have been the backbone of EEA and CETA Titles II and VI until now, but also the authority of section 609. We would prefer the elimination of "projects" as the mandated approach to PSE, particularly in light of the 18 month limit on individual participation. Instead of the current wording, we recommend insertion of the words "public service jobs" before the word "projects" and "except where the prime sponsor carries out training and other activities authorized under section 609" at the end of the sentence.

Section 605(b). Delete. Even if projects are required, this ignores the possibility that local prime sponsors and program agents could have their own set of requirements to which project applications must be addressed. In this case since prime sponsors are accountable and must conform to the Secretary's regulations, it seems more appropriate for the project applications to conform to local requirements and to assume that prime sponsors in their own best interest would legally cover themselves by incorporating such of the Secretary's regulations as are applicable within their own statement of requirements.

*Section 607. We recommend that eligibility for the structural program [section 602(b)(1)] be the same as that for Title II, i.e., 100% of the BLS lower living standard budget. Whatever income standard is chosen, the law should not require two different methods of computation! Strike everything after "section 226(16)."

Eligibility for the large scale countercyclical program must be less restrictive, but with preference for those "most in need." Prime sponsors constantly face the fact that in addition to providing jobs for the unemployed, an over-riding purpose of countercyclical PSE is fast, responsive economic stimulus and the provision of extra, desperately needed public services during hard times. These objectives simply cannot be met with the proposed requirements.

As presented in the bill, eligibility for Title VI requires that clients be both economically disadvantaged and unemployed. The definition of economically disadvantaged [section 126(15)] has been expanded to include those who are institutionalized. But the definition of unemployed [section 126(11)] has not been similarly expanded. It is this latter definition which has caused so many injustices and inequities in the recent past. The BLS definition of unemployed excludes individuals who are institutionalized (sheltered workshops, prisons, hospitals, juvenile homes, etc.) and those not in the labor force (women, youth). Correcting the definition on the one hand for economically disadvantaged, but not on the other for unemployed, does these groups no good, since they must meet both criteria.

*Section 608. Eliminate. We feel it is inappropriate for the federal government to restrict state and local government use of their own funds, particularly in light of the contradictions between the $10,000 salary ceiling and the requirements that enrollees receive prevailing wages and benefits and raises equivalent to those available to those available to regular employees.

*Section 609. Modify to insure that prime sponsors are allowed to exercise this option. Language similar to that in sections 602(b) and 603 is currently interpreted by the Labor Department as prohibiting the use of Title VI - projects funds for training, OJT or other activites unless they are coupled with PSE and presented as projects. We believe that clients are best served if prime sonsors are allowed to take advantage of other opportunities as intended by section 609.

Title VII

Section 701. We wholeheartedly endorse every effort to provide prime sponsors more leverage and flexibility to work with the private sector. This could be encouraged effectively through flexibility in title II. We do not need another categorical layer in CETA.

*Section 702. Eligibility should be 100% of the BLS lower living standard budget.

Section 703. This is a reasonable approach to funding, except that the PSA [section 103(b)] rather than a program supplement, should be referenced.

*Section 704. Delete. Do not overprescribe. A local industry jobs council may work in some areas and not in others. The best way to do this is to require that the chief elected officials meet with local business leaders and establish a process to implement the purpose of this title. Don't overprescribe a structure. Let local decisions establish the best process and structure in that prime sponsor area.

Section 705. The information in the last sentence should be part of the PSA [section 103(b)].

*Section 706. We had hoped for some expansion of already authorized activites. Even the simplification of OJT rules would be an advance.

Section 706(a). This sounds a lot like recruitment and direct placement, an activity the Labor Department currently discourages prime sponsors from undertaking. We feel that it is often quite useful and endorse the inclusion of this section.

Proposed new section 707. A section similar to section 401(b) should be added to this title applying to anyone under 21.

Title VIII

Section 806(a)(2)(B)(ii). Does the two year provision eliminate some effective program operators?

Section 806(c). The Secretary should establish a mechanism to ensure that funds are allocated equitably for use for city and county non-federal public lands and waters.

Section 808(a). What are the implications of the inclusion of "handicap"?

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CETA REENACTMENT

ISSUE: *Retirement Benefits*

Federal law [P.L. 93-203; section 208 (a)(4)] created an obligation to pay retirement benefits (which have been paid out of CETA funds from the beginning of the program until October 1, 1977) on behalf of many CETA participants in public service jobs. DOL regulations (section 98.25, effective October 1, 1977) stated that CETA funds could no longer be used to pay retirement benefits except for those participants who are likely to accrue benefits through vesting or entry into permanent employment. This interpretation has merit since PSE funds should be used to provide jobs and not subsidize state and local retirement systems. However, for those currently on-board and enrolled in retirement systems, federal law created an obligation to pay these benefits (a condition of employment for the employer).

This policy forces state and local governments and private, non-profit agencies into paying for retirement coverage for most current CETA enrollees. The reason is simple. Once a CETA participant has been hired with the understanding that his employer will make payments into a retirement fund on his behalf, no local, state or federal law can change this situation without effectively changing a condition of his employment and violating rules of personal contract law. Thus, state and local retirement boards have ruled that CETA participants who have become members of state and local retirement systems cannot be withdrawn unless their employment is terminated. When CETA funds are no longer available to pay for coverage, some other source of funds must be found.

Some states and local governments have chosen to place PSE workers in exempt categories, circumventing the requirement of providing retirement benefits. In those prime sponsor areas CETA funds do not support retirement systems nor do PSE participants who transist accrue those benefits for their time in PSE. Section 122 (1) of the Administration's bill (H.R.11086; S.2570) prohibits this solution.

Independent retirement boards will not accept an escrow solution proposed in section 98.25 of the CETA regulations.

The Administration's CETA bill (H.R.11086; S.2570) fails to resolve the retirement issue, a problem of major dimension in over 30 states. Instead section 121 (o), in conjunction with section 106 (f) and 122 (1), gives force of law to current CETA regulation 98.25. The effect of the bill is to require state and local governments and private non-profit employers to contribute up to 20% of PSE payroll costs out of local general tax revenues to provide retirement coverage for most CETA enrollees, although enrollees are not likely to remain with employers long enough to draw retirement checks.

The issue is a complex one. To work out a solution which is fair to both local taxpayers and CETA participants - currently enrolled and those to come - may take considerable time and the input from experts in federal, state, and local administrative law; experts in public and private, state and local retirement system financing; experts in state and local personnel classification systems; and CETA program operators. It would be a serious mistake to prevent a possible solution by locking everyone now into the language of sections 121 (o) and 122 (1).

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MAGNITUDE OF PROBLEM: *Affects More Than 30 States*

Governors and state attorney generals in twenty-seven states have gone on record by requesting waivers stating that they cannot legally comply with regulation 98.25 without changing state laws. These states are as follows:

Alabama	Louisiana	Ohio
Arizona	Maine	Oregon
Arkansas	Maryland	South Dakota
California	Massachusetts	Texas
Georgia	Michigan	Utah
Hawaii	Missouri	Washington
Illinois	Montana	Wyoming
Indiana	Nebraska	
Iowa	Nevada	
Kansas	New Mexico	

New York has gone on record also requesting a waiver of regulation 98.25, but the U.S. Department of Labor has refused. Yet current New York State law violates section 122 (1) of H.R.11086 and S.2570 since it creates a separate class for PSE workers. So do state laws in Idaho, Oregon and Wisconsin. The following additional states cannot comply but have not gone on record yet: Delaware, South Carolina, and West Virginia.

MAGNITUDE OF PROBLEM: *Costs to Local Taxpayers*

Washington state officials have estimated that $2 million dollars annually will have to be obtained from state taxpayers to cover the costs of retirement coverage for CETA public service employees in state and county - administered CETA programs. These estimates do not include additional costs for CETA employees in city-administered CETA programs.

Officials in California estimate costs of $44 million per year; in Arizona $1.2 million per year; in Nevada, $912,000 per year; and in Alaska $400,000 per year.

Within states, local governments have reported estimated costs of $31,740 in 1977 and $63,480 in 1978 for the very small county of Nevada in California (population 26,000) ranging on up to $404,408 in 1977 for the very large county of Orange in California (population 1.4 million).

Although these figures represent a slim sample, surprisingly, the U.S. Department of Labor has not considered these costs a serious enough problem to warrant a systematic survey.

BACKGROUND: *Policy Reversal*

During the first three years of CETA, the U.S. Department of Labor ruled that CETA enrollees should get benefits equivalent to those of co-workers in state and local government and in private, non-profit agencies [section 208 (a) (4) of P.L. 93-203 to be replaced by section 122 (1) in H.R.11086 and S.2570].

Since retirement coverage was construed as a benefit, the U.S. Department of Labor urged state and local governments to register CETA enrollees for retirement coverage under state or local plans. Many did so. State and local governments which ignored this advice and which placed CETA participants into temporary, hourly wage job classifications without benefits have since been exonerated. On the other hand state and local governments which trusted the department's advice and treated CETA workers as other regular employees in permanent, salaried positions in civil service merit systems with full benefits now feel betrayed. It is these jurisdic-

tions which will have to tax local residents in order to continue to support their CETA programs.

In October, 1977 the U.S. Department of Labor changed its policy on benefits with the publication of federal regulation 98.25 (a-e). Basically the Department determined that retirement no longer constituted a benefit for most CETA enrollees and that membership in state or local retirment plans was not to be encouraged. The department's decision was based on a belief that CETA enrollees are less likely than regular non-CETA employees to stay with state or local governments long enough to collect retirement pay.

Ironically this change in policy is not reflected in the language of section 122 (1) of H.R.11086 and S.2570.

In 1977 the department also changed its policy on allowable use of CETA funds with the publication of federal regulation 98.25 (2-e). This change was based on the assumption that CETA was paying more than its fair share of state and local retirement plan costs, and therefore continued use of CETA funds for retirement coverage for most CETA enrollees should be disallowed.

Thus section 121 (a) of H.R.11086 and S.2570 has been added to prohibit use of CETA funds for retirement coverage for public service, work experience, and on-the-job training enrollees "unless such benefits accrue to the credit of the participant". This phrase has been interpreted to mean unless participants "vest" or are "transitioned" as stated in federal regulation 98.25.

Enrollees who "vest" and enrollees who "transition" represent very small numbers and a fairly small proportion of total CETA enrollees. The majority of CETA enrollees do not "vest" and are not likely to "transition". Thus, retirement costs for the majority of CETA enrollees cannot be covered with CETA funds.

This policy reversal forces state and local governments and private, non-profit agencies into paying for retirement coverage for most current CETA enrollees. As mentioned earlier, once a CETA participant has been hired with the understanding that his employer will make payments into a retirement fund on his behalf, no local, state or federal law can change this situation without effectively changing a condition of his employment and violating rules of personal contract law. Thus, state and local retirement boards have ruled that CETA participants who have become members of state and local retirement systems cannot be withdrawn unless their employment is terminated. When CETA funds are no longer available to pay for coverage, some other source of funds must be found.

BENEFITS PACKAGED WITH RETIREMENT: *Health, Disability, Death*

Most state and local retirement plans are similar to private insurance plans, except that the public plans have a monopoly in law. Retirement coverage is generally part of a "benefit" package which may include health, disability, and/or death benefits depending on state and local law. In California the statewide Public Employment Retirement System (PERS) includes health and disability insurance along with retirement. Statewide plans in Maine, North Dakota, and Oklahoma also include health benefits in their retirement "packages".

The determination of the U.S. Department of Labor to isolate retirement in federal law and regulation conflicts with the common state practice of combining benefits into comprehensive coverage plans. In practice a CETA participant in one of these state plans is insured from his first day against health and disability even though he may not "vest" in the retirement system for another five to ten years.

In dealing second and separately with all future CETA enrollees as of October 1, 1978, it would be best to establish legislative principles to guide solutions which may be developed only subsequent to enactment and which may be extremely technical in nature. One such principle should permit a maximum of local flexibility and local option and a minimum of required changes in existing state and local law. A possible solution for new participants would be for DOL to negotiate an actuarial rate with each state retirement system and continue to pay benefits out of CETA funds at a much lower rate.

We suggest that this bill (H.R. 11086; S. 2570) be amended to insure that prime sponsors and other employers do not have to pay retirement benefits out of local funds. We reject the notion that cities, counties and states should be forced to use local funds to lobby and seek relief in 50 different state legislatures and countless independent authorities on the retirement issue when the federal law caused the dilemma.

There is some real question as to whether a separation of health, disability and death insurance from retirement insurance would work on behalf of the CETA participant, whether it would result in lowered costs to CETA, and whether it would be administratively and politically feasible and/or desireable.

DURATION OF BENEFITS: *Portability Over Time And Place*

Portability of benefits implies a long-term liability on the part of public employers. In California which has one of the most liberal laws, public employees may leave employment in one jurisdiction, move into the private sector or into unemployment, and re-enter public employment in another jurisdiction within the state 20 years later or more without losing their "personal" account of retirement system credits.

In New York which has a more restrictive law, the period in which an employee must re-enter public employment is 5 years. In these situations, retirement may in fact constitute a benefit, i.e. credit may accrue to a CETA participant, long after the expiration of CETA legislation. The assumption by the U.S. Department of Labor that only CETA participants who "vest" or "transition" will benefit fails to acknowledge the real value of portability or to reimburse state and local governments for the long-term financial liability incurred.

ACTION RECOMMENDED

No one has proposed a solution to the problem. The fact that there is a problem is just gaining national attention.

However a considerable portion of the problem can be resolved by dealing first and separately with all current CETA participants enrolled in state or local retirement systems up to this point. The simplest and fairest solution here would be to "grandfather" in this group, permitting use of CETA funds to pay for their continued coverage under existing plans, which would last for a maximum of another 12 months.

3/23/78

Senator NELSON. Our next witness is Mr. William Welsh, executive director, Governmental Affairs, American Federation of State, County and Municipal Employees.

Your statement will be printed in full in the record at the conclusion of your testimony.

STATEMENT OF WILLIAM B. WELSH, EXECUTIVE DIRECTOR, GOVERNMENTAL AFFAIRS, AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ACCOMPANIED BY NANINE MEIKLEJOHN, ASSISTANT DIRECTOR OF LEGISLATION

Mr. WELSH. Senator Nelson, I appreciate the chance to appear before you this morning. I am accompanied by Nanine Meiklejohn, who is our assistant director for legislation.

I might say that not only your service on this subcommittee but also your service on the Senate Finance Committee place you in a unique and very important role. The countercyclical revenue-sharing program under the Finance Committee's jurisdiction is very pertinent to some of the remarks I want to make this morning since it and CETA tie together very closely.

May I say first that we would like to submit a detailed memorandum on the issue of pension coverage which you have been discussing with the county representatives. We have been dealing with employer representatives and the Department of Labor on this problem. We think we have come up with a reasonable solution. The essence is that we think the payments which the Federal Government should make to a pension fund should be determined by an experience factor based on the number of CETA employees that are ultimately coming into the permanent work force of that employer.

We have developed some information along those lines. We do not take the position that a CETA employee should not get credit in a pension program for the period he is on CETA if he becomes part of that permanent work force.

Senator NELSON. Are you stating that you would use a nationwide experience rating?

Mr. WELSH. No, I would use local or State. Because of the very incredibly complex pattern we have of local and State pension funds in this country, it is very difficult to set any kind of national standard.

Senator NELSON. A contribution would then be made to pension funds and, if we made a contribution based upon an experience rating of 15 percent being hired and it turned out to be 10: what would happen to that pension fund obligation?

Mr. WELSH. Could adjust for the next payment period.

Senator NELSON. Or return it out of the pension fund?

Mr. WELSH. Yes. Some formula. We do not think it is an unsolvable problem. We think it can be equitably handled.

I would like now to summarize our union's views on three or four of the principal policy issues that have been discussed today in terms of the extension of the manpower program.

First I would want to say that we believe that we are natural allies of the Congress in wanting to deal with this problem of substitution. We think the substitution issue is not unmanageable. I would like to make a couple of points that we have covered in detail in our state-

ment. We think one of the most difficult aspects of the substitution problem is the practice of keeping or a CETA employee in a somewhat separate position. In other words, if, instead, you bring a CETA employee on line into the regular work force as an entry level employee, and you restrict the wages and benefits to that CETA employee as an entry level employee, and you do not permit supplementation of wages above entry level, you have pretty well solved the substitution problem in most jurisdictions.

We think, however, that you also have to deal with the distressed city phenomenon of a very high concentration of structural unemployment, with additional tools to limit substitution by CETA workers.

So, speaking generally, we believe if you bring a CETA employee on line at entry level pay and prohibit supplementation of that wage as you approach this problem of dealing with the structually unemployed, you will have handled most of the substitution that is occurring.

Senator NELSON. What do you mean, "prohibiting supplementation"?

Mr. WELSH. What I would not permit is payment of additional local salary for a higher classification. In other words, if the Federal Government finds that the entry level wage in that jurisdiction is say, $8,500, that would be the maximum that you could pay the CETA employee. You could not then add on an additional $2,000 or $3,000 of local government revenues to bring that person into a higher job classification. In other words, you would keep that structurally unemployed CETA employee fully federally subsidized in an entry level position and not permit the city to supplement the wage in terms of dealing with the structurally unemployed.

Senator NELSON. When you say "structurally unemployed," are you talking about those only eligible for entry level positions?

Mr. WELSH. I am referring to the kind of people eligible for title II in the administration's bill: the disadvantaged and unskilled.

Senator NELSON. Would you or would you not prohibit hiring of somebody higher than entry level and supplementing the wage?

Mr. WELSH. Not in that title of the program. I would deal with that type of problem which arises primarily under the cyclical unemployment phenomenon, whether it happens to be as a result of a national recession, or whether it happens to be a local phenomenon, such as the closing of major defense installations, which have an extraordinary impact on the work force in a particular labor market.

That program should have different eligibility requirements, and permit wage supplementation.

Senator NELSON. Since we are using national levels of money here, you may not have an entry level in some city in which the salary paid for the entry level is higher than the maximum allowed under the statute?

Mr. WELSH. Yes, you may. What we would propose, Senator, is that the legislation provide adjustments to reflect that phenomenon. In other words, we believe the entry level wage should be adjusted to reflect, in effect, if you want to use the word, the prevailing entry level wage in that particular jurisdiction or community.

Senator NELSON. You would use that instead of a national limitation?

Mr. WELSH. That is correct. We think that is a fair-handed and more rational way of approaching wage determination for the program as it relates to the structurally unemployed.

Senator CHAFEE. You heard the mayor's testimony, if he is going to be limited to taking the structurally unemployed, that he is not very enthusiastic about it.

Mr. WELSH. Senator, that is one of the things I would like to comment on in some detail. I believe in a city like New Orleans or Newark, Cleveland, Buffalo, and so on, that it is unrealistic to design a program which does not recognize the fiscal crisis in those cities and their inability through their own revenue sources to maintain a minimum acceptable level of public services. The conflict and the problem that arises is that you are trying to find gainful employment for the disadvantage in those cities, where they are highly concentrated, and at the same time the mayor is under great pressure to maintain a minimum level of public services.

What I would like to emphasize to the committee is that I think if you want to reach and really deal with the structurally unemployed in those cities, you have to have a parallel program to stabilize the regular work force. That program may be one similar to countercyclical revenue sharing which Congress will be considering for extension this year. And frankly, the way I would approach it would be to build into your manpower and employment program the recognition that in many cities the structurally unemployed are highly concentrated and there are these fiscal problems, by including in the manpower program itself a block of funds designed to stabilize the existing work force. I would in effect earmark funds simply for that purpose, for areas where unemployment is running at 7, 8, 10, or 11 percent. If you do not somehow stabilize the existing work force through the infusion of some kind of Federal funds, whether it is countercyclical revenue sharing or whether it is well-targeted funding through a manpower program, you will not be able to really reach the structurally unemployed; the city will be under such incredible fiscal pressure that it will do everything it can to take the structural manpower program and use it to provide regular services, move other people into the slots, and maintain its own ongoing program.

We need to move those kinds of funds in a national recession to pick up the more skilled unemployed, and, on an ongoing and very targeted way to the some 25 or 50 fiscally distressed major cities. We somehow have to have the Federal Government underwrite the stabilization of public services and the work forces in those cities, and, you must have that program built into the manpower programs. Otherwise, the committee and the administration's objective of reaching the structurally unemployed, which are highly concentrated in these areas, simply will not be achieved.

Let me use an example for you. I just looked at the figures from New York City. In 1975 the total number of workers in New York City was 313,000. Today the total number of workers in New York City is 245,000, and of those 245,000, 21,000 are paid for under CETA funds. But the work force has been reduced because of the fiscal problems of the city of New York by somewhere around 60,000 employees. I do not know where they went. But I bet you they are on

unemployment, and on welfare. They have not just disappeared, and you have not solved any problem. And the people who were laid off tend to have low skills; they are from the hospitals or the park departments and so on. To design a Federal manpower program that will reach the disadvantaged and structurally unemployed in a case like the New York City phenomenon, without recognizing you first have to stabilize the basic work force of the city to provide regular public services, just puts you on a treadmill.

That is where I would like to focus the committee's attention. The Department of the Treasury about 1 month ago released what I consider to be a very important study. It looked at 48 cities and the impact on the maintenance of public services of the countercyclical revenue sharing program, the CETA title VI program, and accelerated public works. It concluded that in at least half of those 48 cities, there would have to be a very substantial increase in local property taxes running, for example, 20 to 25 percent in Newark and 17 percent increase in Baltimore, if those Federal programs were not in fact sustaining the actual viability of public services in those cities.

To try to deal with the concentration of the structurally unemployed in those cities without an integrated urban program that involves Federal help to stabilize the local budget and adequate resources to help stimulate private sector jobs simply means that you are not going to be able to design a manpower program by itself, which can deal with the structurally unemployed in these cities. That is the principal point to which I would like to call the committee's attention this morning.

We have covered many, many other issues with regard to the CETA program in our testimony.

Senator RIEGLE. Might I interrupt you there?

Mr. WELSH. Surely.

Senator RIEGLE. Talking about just hard-core unemployment and not talking about the cyclical unemployment situation, how good a training area do you think public service work is for the hard-core unemployed, the structurally unemployed? In other words, should we really be thinking about public sector activities as the best training ground for these folks? Do we basically just drift into that business because of the need, because of the cyclical unemployment, and are we to be thinking about concentrating the training—hard, tough, training problems under some kind of another different set of operations?

Mr. WELSH. Senator, I think it is not an either/or situation. I think the problem is of significant magnitude that you are going to have to do both totally. In other words, I would say that there is no reason not to bring a structurally unemployed person into a training program that is going to provide the work discipline that Mayor Landrieu referred to, or to train for a hospital aide or other public sector slot. That is a perfectly rational thing to do, and structurally unemployed persons obviously can qualify with adequate training.

The problem is that the concentration of the disadvantaged unemployed happens to be in cities like Cleveland, Detroit, and Buffalo which have other unemployment problems also. We do not understand how you can train the disadvantaged and also expect to provide public sector employment opportunities for all of the others

who are unemployed. So the two approaches certainly are parallel. You need to have a very real and aggressive program to create private sector jobs. You are going to have to do that particularly if we are going to move in the direction that the administration has proposed with the welfare program. We looked for example at the impact of that proposal on Hartford, Conn. There is a present city work force of about 2,200 people; about 200 or 300 of those are presently on CETA lines.

The welfare bill that the administration has proposed in Hartford would have meant there would have been 8,000 persons in Hartford eligible for the work requirement in the welfare bill. You would have to create 8,000 public sector jobs and every 15 months you would cycle them off and say, look around Hartford for private sector jobs. You are just going to have a disaster of enormous proportions, whether you call it CETA, or whether you call it workfare or whether you call it welfare, unless we understand the dimensions of the concentration of this problem in certain areas, and proceed to do enormous things with private employment opportunities as well as the public sector.

Senator RIEGLE. So you do feel very comfortable with using public service jobs as the place to do a certain amount of CETA training work, and that you think that is both necessary and sound.

Mr. WELSH. Senator, we think you can maintain labor standards and contract standards and protect the civil service merit system standard. The best way to do that is to bring the structurally unemployed person on line into the present system; bring them into an entry level or a pre-entry level training position; give them the protections that are there, and the machinery that is there; subsidize the job, do not permit the city to add on the $5,000 or $10,000 increment, whatever it happens to be, to upgrade that position by local supplementation. Then try to spin that trainee or person off into a regular promotional line, if that is possible, as you upgrade the person. I think in fact we should recognize in this country if we are going to truly deal with the structurally unemployed, we will have a permanent system of federally subsidized public service jobs, and we should treat those positions as part of the regular State, county, local school board work force. We should deal with it purely in those terms, hoping we can turn the people over fairly rapidly, but recognizing there are going to be certain individuals and certain places in the country where that turnover is not going to occur rapidly, and the jobs may be permanent.

Senator RIEGLE. May I ask one more question at that point?

Senator NELSON. Yes.

Senator RIEGLE. If you do that, let us say you split it so half of CETA activity or more is going to take place in the public sector, and the other half will be done under all these various other organizations. It seems to me what in effect we are doing is to decide that we will populate the public service sector. In other words, one of the facts will be that over a 10- or 20-year period, if we follow that line of thinking, there will be a growing proportion of public service employees who would be people who are structurally unemployed. I wonder if there is any consideration we ought to be giving to melding any one sector

of the economy, public service, private, local government versus all government. It seems to me that maybe we ought to be thinking about here is that we do not want to be slotting hard-core unemployed individuals, all across the society, in all different kinds of jobs, and not just public sector jobs, because I can see considerations both for that group of people in society, not a totally homogeneous group. It is going to have a heterogeneous profile at least on a case-to-case, but I am just wondering if thought has been given to what a 10- or 15-year impact of that will be, in terms of rolling up one sector with people who come that way.

Mr. WELSH. What we have tried to lay out in our detailed testimony is the fact that we have to face that as a reality as a union. I do not know that auto workers are coming before you and saying they are prepared to take into auto plants in Michigan a proportion of their structurally unemployed. I do not see General Motors or General Electric or anybody else pounding on the doors to get involved.

Senator RIEGLE. That is not exactly the case. We had Chrysler in here last week. They had run as an adjunct to their normal business, a job training center, and they have processed 50,000 individuals over the last 10 years.

Mr. WELSH. That are structurally unemployed?

Senator RIEGLE. The great majority were structurally unemployed, exactly. They slotted most of them in private sector jobs. It is tough as hell. They had worked to work out the regime for doing it. That is another alternative for us to consider. I am just saying it seems to me that maybe we ought to be spreading hard-core unemployed much more uniformly throughout our private sector.

Mr. WELSH. Senator, I have no problem with that. I would support every effort and every training program and every reasonable subsidy the committee is prepared to write into the legislation to do that, and encourage the private sector to do it. I come back to the point again that there were 8,000 in Hartford who would have been eligible again under the administration's approach to welfare. That is a very difficult problem. It is a question of major public policy as to whether you are prepared to subsidize private labor force. This is a very serious problem, as compared to subsidization of nonprofits and the public sector.

We would be with you on every approach you could think of that would not undermine private sector labor standards in terms of moving in that direction. But, if Congress and government is committed to anywhere near the objective of bringing the national employment down to 4½ percent—it is unrealistic not to think there also will be a large group of people in the public sector on an ongoing basis.

If we are more generous in terms of creating private sector opportunities, that is fine. I do not know how the committee feels in terms of subsidizing some of those 8,000 in Hartford to move to those sections of the country where there might be private sector employment. I think that is a very serious question that the committee should address itself to. If in fact there are all the job opportunities that the Governor of Mississippi described in the State of Mississippi, you might want to think of a subsidy that would not require, but be an incentive to move to Mississippi to take one of those jobs.

I suspect the reason they are moving from public to private sector in the State of Mississippi is that the private sector employer has to

pay the minimum wage, the public sector employer in the State of Mississippi pays below minimum wage. OK. Let us have no misunderstanding as to what happened when the Governor described that.

Senator RIEGLE. Thank you.

Senator NELSON. Thank you very much, Mr. Welsh. If you will submit that memorandum.

Mr. WELSH. Senator, we would like to submit one other memorandum that relates to the substitution problem. That would deal with the very difficult delays we have as a union participating in enforcement of regulations and standards, the kinds of time delays we run up against, and the lack of information about what is going on. I think that would help the Committee.

Senator NELSON. Thank you very much.

[The prepared statement of Mr. Welsh and other material for the record follow:]

Statement by William B. Welsh, Executive Director
for Governmental Affairs
American Federation of State, County and Municipal Employees, AFL-CIO
to the Senate Subcommittee on Employment, Poverty and Migratory Labor
on S. 2570, The Comprehensive Employment and Training Amendments
of 1978

March 6, 1978

Mr. Chairman and members of the Subcommittee, my name is William Welsh. I am Executive Director of Governmental Affairs of the American Federation of State, County and Municipal Employees. With me is Nanine Meiklejohn, Assistant Director for Legislation.

I would like to say first that we have not had as much time to consider S. 2570 and prepare this statement as we would have liked. Therefore, we request the opportunity to submit a more detailed statement later.

We are very pleased to have this opportunity to share with you some of our thoughts on the Comprehensive Employment and Training Act and on S. 2570. It is probably no exaggeration to say that CETA has become the one federal program which all 750,000 of our members know. And it would be hard to find any federal program which causes them more concern.

In past appearances before this committee and the House Manpower Subcommittee, we have presented AFSCME's support for CETA as one important tool for achieving a full employment economy. We do this again today, despite the many problems it presents to our members. We also in the past have discussed these problems with you and your colleagues. We have tried to describe how our bosses often use CETA in a way that violates our members' promotional rights, undermines wage and benefit standards, distorts collective bargaining and erodes our bargaining units.

The Congress has been sympathetic and helpful by incorporating into CETA many provisions designed to prevent these abuses. We are pleased to see that the administration's bill adds a number of new provisions that will be helpful. These include:

1. Restricting hiring to entry-level positions;

2. Limiting work experience activities to 6 months (although more controls ought to be built into the program);

3. Providing for a complaint procedure (which should have time limits built into it);

4. Requring that affected unions receive the full comprehensive employment and training plans for comment 30 days before submission to the regional office;

5. Limiting how much Title II money can be used for public jobs and work experience; and

6. Providing that CETA workers should be in classifications that are reasonable and that also cover regular workers (although the language of the provision should be clarified to reflect this intent).

Today, we would like to concentrate on several major issues that are dominating the public debate on CETA: the substitution problem; transition into unsubsidized work; and targeting on people and places. Let me strongly emphasize here that we are your natural ally in the effort to control substitution where it exists. Clearly, we do not want to see our bargaining units eroded or our members laid off or shifted unnecessarily onto CETA lines. We support better transition for the many CETA workers we now represent. We also want to see the people and places that need help benefit from the program.

Our experience with CETA over the last four years leads us to several conclusions which we believe are important to keep in mind in dealing with these issues.

First, it is impossible for a public service jobs program to operate smoothly and effectively when it is placed in a government structure which itself is crumbling because of either a national recession or chronic local fiscal distress. Irreconcilable conflicts develop between protecting the jobs of regular public workers and hiring the disadvantaged and other people unemployed in the private sector. Distortions in collective bargaining procedures and the provision of services occur.

It becomes very hard in these circumstances to judge what is real substitution and what is a legitimate use of CETA funds to support and maintain service levels that otherwise would be cut. In this regard, we believe the Brookings preliminary study on public service employment (prepared for the National Commission on Manpower Policy) adds a very important point to the public debate on substitution. It contends that the use of CETA funds to maintain service levels and jobs in the financially distressed cities is not substitution. Substitution, in fact, is more prevalent, the study suggests, in areas with healthier economies. Our own experience tends to supports this view. Many of our member's problems with substitution are in places that do not have severe fiscal pressures.

Trying to limit the use of CETA funds for basic services in places with legitimate fiscal problems by forcing CETA funded employees into "new and different" activities through a project approach or similar method, simply ignores the reality of these places. The fiscal pressure in these distressed cities is so great that any such attempt is likely to fail. Creating "new" or marginal work in places that have essential service needs does not make sense. Stabilizing regular public employment in financially distressed places is, therefore, an essential precondition for an effective public service jobs program.

Second, it is important to get away from the almost exclusive concern about "rehiring public employees" as the major substitution practice. While there has been some rehiring, it has not been widespread. In most places where it has occurred, we believe a very strong case can be made that it was a legitimate use of CETA funds. Certainly, no one would disagree that New York City has had a financial crisis of major proportions. Even there, rehiring was kept down to about ten percent of CETA jobs. The equity problems and social conflicts, not to speak of the distortion of government services, are acute if rehiring is not permitted in such cases.

Our experience suggests that the major substitution problem is one of gradual attrition of the permanent work force and the use of CETA workers to do work formerly done by regular employees. It is the major substitution concern to AFSCME members.

A third general conclusion is that the wide variety of local conditions makes it difficult to legislate national standards that work equitably in all places. This point was driven home forcefully during the Corman Welfare Reform Subcommittee's recent deliberations on the wages and transition features of the Welfare Reform bill.

A fourth lesson we have learned during the last four years is that placing CETA workers in a separate parallel work force makes it hard to enforce the law's labor standards, tends to isolate CETA workers into a second-class status and often makes transition difficult. New job titles, abuse of work experience and the use of "projects" are common devices that prime sponsors have used. In all of these cases, the argument is that because CETA workers are "different," they can be treated differently. This trend also ironically pulls CETA workers away from two control systems that have developed over the last 75 years in reaction against patronage abuses: the Civil Service Merit Systems and Public Employee Unionism.

A fifth general observation is that it is important to define clearly the structural and countercyclical purposes of the different parts of CETA. In the past, the program has been unfairly criticized for not meeting one or the other of these purposes. Usually, the criticism has been that the disadvantaged are being left out, and we concur with this concern.

These general conclusions lead us to question a number of features in the administration's bill: the use of projects, the 18-month time limit on participation, the limitations on local supplements to the federal wage payments and the eligibility criteria.

It is not clear that Title VI would restrict public service employment exclusively to projects. We hope that it does not. We continue to have doubts about the effectiveness of projects as a means of controlling substitution, especially since the CETA regulations allow prime sponsors to set up projects that involve normal public services as long as they constitute an expansion. We believe that prime sponsors must have flexibility to create project and non-project jobs, especially in times and places of high employment which produce pressures to cut back regular services. Projects increase our problems in maintaining labor standards, and we have evidence from some of our local leadership that the segregation inherent in the project approach makes transition to permanent employment systems more difficult.

The 18-month time limitation on participation is intended to improve transition and limit substitution.

While we certainly would not dispute the fact that an 18-month time limit will produce a drastic increase in turnover rates to 100 percent, we do question its effectiveness in controlling substitution. The problem is not who is in the job, but rather whether CETA is funding a job slot that the prime sponsor would otherwise fund. The substitution problem here is one of attrition of the permanent work force or a slowing of normal growth.

The time limit also raises serious problems. It penalizes the CETA recipients for the failure of the system to produce or help them find jobs. It is insensitive to the fact that during high unemployment, job opportunities are scarce. If the CETA workers cannot find a job, where do they go? On unemployment or welfare? This arbitrary limit also may become a cruel alternative to ongoing and legitimate transition measures. Finally, turning over large numbers of people (as many as 20,000 in New York City, for example) will be an administrative nightmare. The time limit also tends to move the CETA workers further from the regular employment system. This practice, as I have pointed out makes it hard to enforce employment standards.

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Page Five

Another new feature in the administration's bill is a prohibition on supplementation of the $10,000 federal wage payment for Title II and a percentage limitation on it for Title VI. It is intended to stop prime sponsors from converting CETA into a revenue sharing device to subsidize a whole range of jobs, including high-skilled and administrative ones. It also is designed to stop political patronage abuses and the practice of giving people who clearly don't need assistance high paying jobs.

We recognize the political problems associated with high wages, although we think there are very few of these cases. We also understand the concern about substitution of this kind. However, this approach still won't prevent substitution in the lower level jobs which is where we believe most of the CETA workers are. In addition, the $10,000 will not be adequate to comply with prevailing rate standards in some parts of the country today, and it will be even less adequate in four years.

The eligibility criteria in the bill also trouble us. We agree that more needs to be done to help the disadvantaged, but we think that a comprehensive employment and training program should respond to cyclical as well as the wide variety of structural unemployment problems. The needs of unemployed experienced workers are also important. H.R. 11086 does not recognize this fact; it concentrates almost exclusively on the disadvantaged.

These features are, we believe, the major flaws in H.R. 11086. The bill does contain other provisions which we support. I would like to mention them and offer some additional suggestions and changes for your consideration.

There are a number of provisions in the bill that will help control substitution.

The first is the proposal to limit hiring to entry-level jobs. It will prevent prime sponsors from using CETA to find higher paying promotional jobs.

Second, the bill contains most of the maintenance of effort provisions now in CETA. The only glaring omission, which we do not understand, is the absence of present language prohibiting the contracting out of public services. The law also should be strengthened to prohibit substitution in the form of attrition of the permanent work force.

Third, the complaint procedure, which is new, will help us get a faster response to our complaints about substitution. We support this section, but think that it must have specific time limits at

both the local and regional office level to prevent long delays. In order to make our job and that of the Labor Department easier, prime sponsors must be required to provide in their plans, on an ongoing basis, information on unsubsidized work force levels, layoffs, hiring and promotion freezes and budget situations.

In a related matter, the Labor Department must be forced to enforce the maintenance of effort requirements more aggressively. The problem of substitution is essentially one of enforcement, and the Department has done very little to monitor prime sponsors. It generally has not taken the initiative to investigate for possible substitution abuses except when there are attempts to rehire public employees. If there are layoffs and no attempt to rehire, it will respond to complaints. It never tries to do anything about attrition.

The final suggestion we have for reducing substitution is changing the funding formula so that more money is concentrated in areas of greatest fiscal need. Substitution tends to be less in these areas and greater in places with little fiscal pressure. Another advantage of more concentrated geographic targeting will be higher participation by minorities and welfare recipients in the program. The large cities that have the most severe unemployment problems also have the best record in employing these populations.

We think that the provision in the bill for placement goals is a helpful way of promoting transition without hurting the CETA workers. There are other requirements that could be added to the bill to encourage transition. Prime sponsors should be encouraged to place CETA workers in public agencies that have relatively high vacancy rates and be required to devote a certain percentage of those vacancies to CETA workers. Jobs also should be created in activities similar to private sector jobs for which there is a demand. CETA participants should be encouraged to engage in ongoing job search activities. They should be dropped from the CETA program if they do not take an available, suitable job in the private sector.

The wage provisions of the bill must be changed to accommodate the effects of inflation and local variations in wages. Because of inflation during the last four years, we think you should consider raising the $10,000 federal wage payment. That payment should be indexed to reflect local wage structures and future cost-of-living increases. While we concede that some kind of limit on supplementation may be unavoidable, we are uncertain whether the formula in Title VI is adequate. We are attempting to check its potential effects in some local areas. However, limits on supplementation are inadvisable without the indexing features.

As noted earlier, we do not think that the bill provides enough of a balance and clear distinction between structural and countercyclical programs. The bill appears to set up a countercyclical

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unemployment by including a triggering mechanism based on unemployment under Title VI, but the Title VI eligibility criteria are essentially structural in nature.

The only program in the bill which is not limited exclusively to the disadvantaged is the upgrading and retraining program under Title II. We strongly support this program and think it should receive more funding. Upgrading programs are useful because they open up low-skilled entry-level jobs for disadvantaged workers and because they avoid the potential for giving unemployed workers unfair promotional advantages over low-skilled employed workers.

This small program is not, however, an inadequate response to the needs of cyclically unemployed workers, who need job opportunities when unemployment is high. There should be different eligibility criteria for jobs programs for the structurally and cyclically unemployed. The Title II eligibility criteria are appropriate for people in a structural program, but they are too tight for a countercyclical program. A countercyclical program should be available to all people who become unemployed, and it does not make sense to make them wait a long time when jobs are scarce due to a national or local recession. Therefore, we suggest an eligibility requirement of 30 days. Even this is more restrictive than the 14-day period for high unemployment areas under the present sustainment program.

Another distinction that can be made between a countercyclical and structural program can be wage supplementation. If the basic federal wage payment is indexed to local wage structures and future cost-of-living increases, we think it is appropriate to prohibit supplementation in the structural program.

We support the triggering mechanism for the countercyclical program, but we think the Title VI formula is inadequate. It should be changed to provide for a permanent base of 300,000 jobs and increments of 100,000 jobs for each one-half of one percentage increase of unemployment over four percent. This is in line with the Humphrey-Hawkins goal of four percent unemployment. It also will provide adequate funds for high unemployment areas that will continue to need help even when the national unemployment recedes or the nation pulls out of a recession.

The use of public jobs funds should be flexible. Areas with high, chronic or cyclical unemployment, regardless of the national unemployment rate, should be able to determine their own mix of project or non-project jobs. It is important that they have the ability to maintain basic service levels at the very time that they are under the most pressure to cut back on needed services. Prime sponsors also should be able to choose which method will best enhance transition opportunities.

In closing, Mr. Chairman, I would like to say that I think we are at a critical juncture in the development of federal manpower policy. We recognize that it is not easy to balance off the conflicting goals of job creation, servicing target populations, providing needed, useful public services and protecting public employee concerns. Unless we do that, though, CETA will have an extremely damaging effect on state and local government work forces and on the labor standards and collective bargaining procedures which public employees have fought long and hard to achieve.

Appendix A

COMMENTS BY THE AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

on the

Comprehensive Employment and Training Amendments of 1978

Sec. 103 Comprehensive Employment and Training Plan

We view the public service employment program supplement in Sec. 103 (d) (which we assume is submitted annually) as an important source of information needed to help determine compliance with employment standards and maintenance of effort requirements. To make such determinations, specific information is essential. We recommend the following additions to this section:

1. Change Sec. 103 (d)(6) to read "wage rates or salaries to be paid persons employed in public service jobs and a comparison with the wages paid for similar public occupations by the same employer". This language is in current law. The comparison is necessary to determine compliance with prevailing rate requirements. It also is a useful way to identify excessive wages for political chronies.

2. Add a new provision: "benefits to be provided persons employed in public service jobs and a comparison with benefits for similar public occupations by the same employer". This would help determine compliance with equal benefit requirements.

3. Add a new provision:"in each employing agency the levels of employment not supported under this Act, layoffs, and hiring and promotional freezes". This information is essential to determine compliance with maintenance of effort requirements. Presently, such information is not required on a regular basis. In Atlanta, for example, where we are challenging maintenance of effort violations, the city has not been able to reconstruct from existing records information on workforce levels and the dates and scope of promotion and hiring freezes.

4. Add a new provision requiring actions to insure compliance with the maintenance of effort requirements in the law.

5. Add a new provision: "the specific steps to differentiate work experience, if any, from public service employment". We want to make sure that true work experience, and not disguised public service employment, is created. See our comments on Sec. 121 (n) for more detail.

6. The provisions of Sec. 103 (d) are also relevant to work experience activities. The section should be broadened to cover work experience.

Sec. 104 Review of Comprehensive Employment and Training Plans

We strongly support this section and view it as a significant improvement over current law. Especially constructive are the time limits and the requirement that the complete plan, and not just a summary be transmitted to labor organizations. Report language should clearly state that a summary is not sufficient. Current regulations now require that only a summary be sent to labor organizations even though the law makes no such distinction. Summaries provide little useful information.

We support the language of Sec. 104 (a)(1)(E) and oppose any change that would allow prime sponsors to fulfill this requirement simply by sending the plan to the central labor council. This would inject an unnecessary intermediate step in the review process that would seriously weaken the union comment requirement. Public employee unions must receive the plan directly to have adequate time to review public employment and work experience programs and to satisfy themselves that public service work is not being contracted out.

We also support Sec. 104 (d), which, we hope will result in closer scrutiny by the Labor Department.

We suggest two clarifications:

1. Sec. 104 (a)(1): insert after the word "comment" the phrase, "to the prime sponsor and the Secretary,". This will bring the provision into line with the current union comment requirement that specifically permits comments to go simultaneously to the prime sponsor and the Secretary.

2. Sec. 104 (b): As we read the last part of this provision, the prime sponsor must transmit all comments, including those from labor organizations, recommendations and reasons for rejection to the

Secretary. We think this is an important requirement. We also recommend the insertion of the words "evidence of compliance with Sec. 104 (a) and" between the words "Secretary" and "copies".

Sec. 106 Complaints and Sanctions

See Attachment I for a detailed discussion.

Sec. 121 Conditions Applicable to All Programs

1. Sec. 121 (h)(2): Delete the word "overtime". We have had complaints about reduction of overtime work and, consequently, regular employees' income.

2. Sec. 121 (h)(3): Expand this provision by adding "or collective bargaining agreements".

3. Sec. 121 (m): We assume this provision is intended to prevent, for example, a person from voting on whether his organization should receive CETA funds. It should not be construed to restrict a public employee union representative from voting on a public service jobs or work experience program.

4. Sec. 121 (n): A major problem with work experience has been the often vague distinction between it and public service employment which has resulted in substandard wages and benefits for people placed in the work experience category but performing regular work. Work experience must be clearly differentiated from public service employment.

   One way to achieve this distinction and to assure that people who are most in need of help are served is to have tight eligibility requirements. The last sentence of this provision does this. However, we recommend deleting the words "shall only be" and inserting the phrase "shall be generally for persons without significant past work histories and only" to tighten up the definition even more.

   The time limitation imposed on work experience also is helpful, but it is unclear whether a person could work in a part time capacity indefinitely the way the provision reads. We suggest limiting participation in the work experience category to a year, after which time the person could be upgraded into a regular public employment slot. This would not only provide some positive reward to the

participant but also help protect employment standards.

5. Sec. 121 (o): See Attachment II for discussion on retirement benefits.

6. Sec. 121 (p): While we support the intent of this provision, we are concerned that the word "services" could encourage the contracting out of public services. What does the word "services" mean? If it is limited to services provided directly to CETA participants, we have no problem. However, the language of the provision should be tightened to reflect that meaning be reading "services to participants".

7. We strongly urge the addition to this section of Sec. 328 (b) in the current law which prohibits the contracting out of public services to non-profit organizations. We do not understand its omission since it is an important maintenance of effort requirement. In addition the new Title VII (especially Sec. 706 (6)) necessitates the broadening of Sec. 328 (b) to prohibit contracting out to private contractors. Developing private sector linkages must not become a mechanism for contracting out public services.

8. We recommend the addition of a new subsection that reads: "All persons participating in training, on-the-job-training and work experience shall receive compensation in accordance with Sec. 124".

Sec. 122 Conditions Applicable to Public Service Employment

1. Sec. 122 (d): We recommend changing the language in this provision as follows: 1) substitute in the first line the word "employed" for "hired" and 2) insert between "employee" and "not" in the second part "or otherwise reduced its workforce". These changes are consistent with Sec. 353 (a)(6) of the current law and are intended to specifically prohibit substitution resulting from freezes and displacement of regular employees either before or after the CETA workers are hired.

2. Sec. 122 (h): We recommend the addition of the term "job descriptions" as part of the information that should be kept. Current law presently requires this information. It is impossible to judge compliance with equal pay provisions without

job descriptions.

3. Sec. 122 (1)(2)(3) and (4): Our opposition to the participation limit on public employment has been noted already. This provision should be replaced by provisions requiring ongoing job search activities, placement in departments with relatively high turnover rates, a requirement that half of the regular entry level vacancies in the prime sponsor be earmarked for public service employment participants and a requirement that refusal to accept a suitable unsubsidized job will constitute grounds for dismissal from the program.

4. Sec. 122 (j): We have already urged indexing of the $10,000 federal wage payment to accommodate both cost of living increases over time and geographic differences. With these two indexing features, it is appropriate to prohibit supplementation for Title II jobs. However, some kind of waiver for exceptional circumstances also should be provided to protect prevailing rates.

We oppose average wage requirements because they will artificially restrict the variety of jobs that can be created. They also will restrict participants to lower wage job occupations, thereby limiting their opportunities. This will be especially true in four years when the minimum wage will not be much less than $7800.

5. Sec. 122 (l): As we interpret the general intent of this provision, it is to prevent the establishment of new or artificial classifications to justify different, usually lower, benefits for CETA workers. We strongly support that intent. However, the phrase "working a similar length of time" must be dropped. Problems will arise as to its meaning, and it conflicts with the requirement in the second sentence. In addition, it is likely to result in CETA recipients receiving no benefits.

6. We recommend moving Sec. 122 (d) (e) (f) and (l) to Sec. 121 with the appropriate language changes. It is essential that these maintenance of effort requirements and employment standards apply to

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all CETA programs and especially to work experience and the upgrading and retraining programs.

Sec. 124 Wages and Allowances

1. Sec. 124 (b): Add the phrase, "or 4) applicable wages under collective bargaining agreements" at the end of this section to give recognition to union negotiated wage rates where collective bargaining exists.

2. Sec. 124 (d): We are very concerned that work experience wage rates might be limited exclusively to the minimum wage. While, in most cases, the characteristics of the participants and the work they are doing will make minimum wage rates acceptable, we think the going rate should be paid if the participant is doing regular work. Therefore, we strongly recommend the addition of the following language now in the regulations: "When a participant in a work experience activity is performing the tasks of regular public service employment type jobs, wages must be comparable to those paid for the regular public service job, as specified in Sec. 124 (b)". The addition of this provision will protect wage standards in situations in which a participant is performing very low skilled work part of the time and receiving training (that may not be related to the work performed) part of the time.

Sec. 126 Definitions

1. Sec. 126 (10)(c): These people are not really underemployed. Institutional programs are hard to monitor. A danger exists, for example, of having "work experience" in correctional facilities which consists of the daily chores that residents routinely perform anyway --- e.g. washing dishes, laundry, etc.

2. Sec. 126 (12): Areas of substantial unemployment should be determined more than once a year. Areas hard hit by plant closings, for example, could have a one-year lag before being eligible for more money.

3. Sec. 126 (16): The last sentence in this section could cause a divorced or separated spouse (e.g. displaced homemaker) to wait a year to qualify for assistance.

4. Sec. 126 (21): Add at the end of the sentence: "as defined locally by collective bargaining agreements, past practice and applicable personnel rules", to avoid local disputes over interpretation.

Title II --- Part A Financial Assistance Programs

Sec. 203 (b): The percentage set aside for upgrading and retraining programs should be increased to at least 15% and a waiver should be provided to allow for a higher percentage if the prime sponsor can show adequate need and justification.

Title II --- Part B Services for the Economically Disadvantaged

1. Sec. 211 (6): We support better linkages between training and public service jobs, but we oppose a requirement that all jobs must have a training component, even if it is not necessary. Such a requirement would become a subterfuge to avoid paying equal wages and benefits when a participant is performing full-time, regular work. Very little training is needed, for example, to do laborer work. The requirement could result in a waste of money. We think language ought to be included that encourages training linkages with public service employment. Training could and should be required for work experience. This can be done by deleting the words "public service employment opportunities or" from this provision and adding an additional subsection that reads: "transitional public service employment which is combined, where appropriate, with appropriate training and supportive services designed to enable participants to move into unsubsidized employment."

2. Sec. 212: We support this limitation on the use of CETA funds for work experience and public service employment. It will prevent an over reliance on these activities, encourage greater private sector involvement and prevent prime sponsors from shifting Title II training funds into public service employment as Title VI job levels drop due to declining unemployment.

3. Sec. 213: We support these eligibility criteria as appropriate for Title II.

Title II --- Part C Upgrading and Retraining

We strongly support this part, but have several recommendations.

1. Sec. 221 (a)(1): We are not clear what the phrase "positions not regularly available to entry level employees" means. If training is not provided for movement from a lower to a higher step in a promotional sequence, promotional rights will be violated. We think this provision should be clarified.

2. Sec. 221 (a)(2): In order to avoid favoritism from influencing the selection process we recommend the addition of 1) the word "seniority" after the word "potential" and 2) the phrase "and shall be consistent with local collective bargaining agreements, past practice and applicable personnel rules", at the end of this subsection.

3. Sec. 221 (b)(2): The meaning of the last part of this provision is unclear. Does it mean, for example, that if a hospital closes the workers cannot be retrained to work in community health centers since that is the same "occupation"?

4. Add a new Subsection: "The program shall not infringe upon the promotional rights of persons currently employed and not participating in the program."

Title III --- Part A Special National Programs and Activities

1. Sec. 301 (a)(6): We support better and more concentrated efforts to help people adversely affected by mass layoffs.

2. Sec. 305: We strongly support this program of job search and relocation assistance as long as such assistance is accepted voluntarily by the individual.

3. Sec. 311 (f): While we do not oppose in principle experimental programs for welfare recipients, we strongly urge that they conform to the same maintenance of effort requirements and wage and benefit standards applicable to all CETA programs. The wage provisions of Sec. 124 (b) and the benefit provisions of Sec. 122 (1) must apply here.

Title VI . Public Service Employment

The major issues of eligibility for public service employment, the trigger for the countercyclical program, local wage supplementation and projects versus non-projects already have been addressed. The following supplements those points:

1. Sec. 605 (a): We support the limit of 12 months for the life of the projects as a way to help force projects away from basic on-going service activities. However, the participants ought to be able to continue in the program until they find other work.

2. Sec. 608: We oppose the prohibition on supplementation of professional salaries, which would exempt most professionals from participation. We prefer the approach in Sec. 205 (c)(22) of the current law which limits professional enrollment to one-third of the slots. This percentage limitation could be reduced if necessary. It is extremely doubtful the enrollment by professionals is this high presently.

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ATTACHMENT I

COMMENTS BY THE AMERICAN FEDERATION OF
STATE, COUNTY AND MUNICIPAL EMPLOYEES

on the

CETA COMPLAINT PROCEDURES

GENERAL BACKGROUND

The original CETA act did not spell out provisions for complaint procedures. However, current CETA regulations do provide for a complaint process. The salient parts of these regulations are:

1. CETA participants must "exhaust (local) administrative remedies" before appealing to the Regional Administrator (RA). No reference is made to unions or other public interest groups having to exhaust local administrative remedies. Almost all ten D.O.L. regional offices now acknowledge that unions can immediately appeal after only meeting once with the prime sponsors.

2. When a CETA complaint reaches the Regional Administrator, he and his staff investigate it and decide to either dismiss it or order corrective action. If the complaint is dismissed, the complainant can appeal to the Secretary of Labor, who can grant an Administrative Law Judge (ALJ) hearing. The respondant may appeal the ALJ finding to the Secretary of Labor and then to the courts. The complainant may appeal the ALJ findings to the courts.

3. The current regulations do not make an ALJ hearing mandatory. It is granted only if the Secretary wishes, or if there is "a substantial evidence of facts supporting a conclusion of probable cause" that a violation has occurred.

AFSCME's experience with this complaint procedure generally has been unsatisfactory, especially at the Regional Office level. Of particular concern have been frequent long delays caused by the absence of time limits in the procedure. In Atlanta, for example, the Union filed a major complaint alleging substitution, above entry level hiring, and failure to pay prevailing rates for 700 employees in May 1976. The ALJ hearing was not held until January 1978.

Regional Office investigations, themselves, often have been less then rigorous. In Reading, Pennsylvania, for example, AFSCME filed a major maintenance of effort complaint on December 30, 1976, protesting 2o layoffs which were to occur on December 31, 1976. In a letter dated January 12, 1977, the Regional Administrator said that he could not accept

the union's complaint because it was based on "anticipated violations" of CETA rather than actual violations. At the time of the letter, the 26 people had been laid off for 12 days! AFSCME also has had several incidents in which Regional Office "investigators" have not even bothered to contact the local union which made the complaint during their on site investigation and before issuing a ruling against the complaint!

It should be emphasized that there are various other complaint and grievance procedures already in place at the local level in addition to the CETA complaint procedure. These other procedures often deal with similar problems and often can provide faster relief. They include: 1) grievance procedures in local union contracts; 2) civil service appeals processes; and 3) Equal Employment Opportunity (EEO) procedures. Contractual grievance processes, where applicable, have given union bargaining unit members, including CETA workers, reasonably efficient, quick and binding relief. Civil service appeals are very important to employees where no union contract exists. EEO processes also are sometimes used by CETA and non-CETA employees. All of these procedures must be kept separate from the CETA complaint process. Their separate integrity must be maintained.

RECOMMENDATIONS

1. Sec. 106(a) To avoid confusion the word "grievance" must be changed to "complaint." Report language should make it clear that a problem can be dealt with simultaneously through other local procedures already in place, and that CETA, in no way, preempts them or precludes other remedies.

2. Sec. 106(a) and (b) There must be time limits built into the procedure. We recommend a) 75 days for completion of the local complaint procedure; b) another 75 days for the Regional Office to investigate and make its determination after which appeals of Regional Office determinations can be made to Secretary; c) 60 more days for the Secretary to decide whether to grant an ALJ hearing; and d) 20 days to appeal an ALJ decision to the Secretary before going to court.

3. Sec. 106(a) The subsection should provide for "impartial" hearings.

4. Sec. 106(b) This provision must be changed to make it consistent with current practices and present draft regulations. The draft regulations detail a local hearing process which requires all parties to exhaust the local complaint process before going to the Regional Office, but permits any party other than a participant, subcontractor or subgrantee to appeal to the Regional Office after a 20 day opportunity for informal resolution at the local level and before exhaustion of a more lengthy local process. They also permit any complainant to go

directly to the Regional Office without exhausting the local process if the Regional Administrator determines that delay will hurt the complainant's interests or that an emergency situation exists.

It is reasonable, for example, that an individual CETA participant normally should exhaust local remedies, if there is no emergency, if there are local deadlines, and if there is a provision for a local impartial hearing officer. Most CETA participants problems involve disputes with immediate supervisors. Then it makes sense to talk first to the participant's supervisor, than the department head, then the personnel director, and then the mayor before filing with the Regional Office. (Most existing local CETA complaint procedures follow this general progression.)

However, a local union or other organization or person alleging corruption, substitution, or violation of employment standards should not have to exhaust a similar lengthy process before going to the Regional Office. That would waste valuable time and would be a drastic regression from existing practice. The issue here is differentiating between individual problems and major programmatic violations.

5. Sec. 106(b) This subsection should contain certain minimum procedural requirements including one requiring that Labor Department investigators contact all interested parties, especially the complainant, during an investigation.

6. Sec. 106(c) Add a new subsection that provides that maintaining a pattern or practice of substitution also shall constitute grounds for the Secretary to revoke the prime sponsor's plan and terminate funding. The current concern about substitution justifies mentioning the problem specifically.

7. Sec 106(e) and (f) We support these provisions which provide for intermediate penalties short of revoking a plan. We particularly support Sec. 106(f) that permits corrective action for any "person who is wronged." This could permit CETA participants to get back pay, for example, if they were receiving substandard wages.

ATTACHMENT II

COMMENTS BY THE AMERICAN FEDERATION OF
STATE, COUNTY AND MUNICIPAL EMPLOYEES

on

CETA PENSION COVERAGE

Public and private pension plans are currently governed by Internal Revenue Code rules which require any qualified plan to benefit employees in general and to not discriminate against low-paid employees. AFSCME supports this principle and feels that any legislation to treat CETA participants as second-class citizens would be completely contrary to congressional pension policy. We agree with the intent of the Labor Department's CETA bill which provides in Section 121(o) for payment of the cost of benefits which "accrue to the credit" of CETA participants. This intent is that CETA funds may be used to pay the costs of pension coverage but that any funds used for this purpose must reflect the cost of providing benefits to CETA participants. To the extent that CETA participants will not receive benefits because of turnover there is no cost that can appropriately be charged to CETA funds.

Unfortunately, the current language in Section 121(o) does not adequately define this intent and is even grammatically incorrect. The language we recommend to accomplish the intent of a fair payment of pension costs and which would more fully recognize the variety of funding techniques and situations in the public sector is as follows:

> "(o) Funds may be used for contributions to retirement funds to the extent that such contributions bear a reasonable relationship to the cost of providing benefits to participants under this Act."

Opponents of pension coverage for CETA participants argue that CETA funds should be used to create jobs and not pay for pensions that may never be received. This argument, however, implies that benefits are not part of the normal cost of labor, and that public employers, contrary to the intent of the Act, have no intention of drawing CETA participants into the regular work force.

Pension costs, including the costs of death and disability benefits that are contingent on plan participation, are a normal cost of labor and only "cost" if benefits are going to be paid. Any contributions above the cost of benefits that are going to be paid are really extra contributions or intended to pay the costs of someone who will receive a benefit. Failure to understand this is the major cause of confusion when it comes to CETA pension financing.

When the Labor Department submitted its CETA bill, the National Association of Counties claimed in its testimony that this would "require state and local governments and nonprofit employers to contribute up to 20% of PSE payroll costs out of local general tax revenues (emphasis added) to provide retirement

coverage for most CETA enrollees, although enrollees are not likely to remain with employers long enough to draw retirement checks." This claim is representative of the confused belief that there are costs even when there are no benefits that will be paid. Pension plans are usually funded on an actuarial basis that computes an average cost for all employees. The contribution rate is based on many assumptions, one of which is the number of employees expected to stay long enough to collect a pension benefit. The number of employees who are expected to terminate and never receive a pension help to hold down the contribution rate required to fund the plan. If pension coverage is extended to a large group of employees who generally are not expected to receive a benefit (for example, CETA participants), the percentage contribution rate will go down. The effect of withdrawing these CETA workers from coverage would have the opposite effect, namely, the percentage contribution rate would go up.

In short, the NACO claim that fair cost reimbursement from CETA funds will cost employers money is an inaccurate statement. Until the Labor Department revised its pension regulations in section 98.25, CETA funds had been used to pay costs far in excess of those actually required to cover CETA participants. While these regulations are unclear and in parts contrary to other pension principles and laws, this failure on the part of the Labor Department only serves to highlight the need for a clear principle on which pension costs will be paid. If the new law calls for fair reimbursement of CETA pension costs there should be no objection to equal treatment of CETA participants. In fact, if the law does not clarify this issue, many jurisdictions will be required to cover CETA participants anyway and will not have a clear policy on the amount of CETA funds that can be used to pay pension costs.

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Senator NELSON. Our final witness today is Mr. Mitchell Sviridoff, vice president, Division of National Affairs, Ford Foundation.

STATEMENT OF MITCHELL SVIRIDOFF, VICE PRESIDENT, DIVISION OF NATIONAL AFFAIRS, FORD FOUNDATION

Mr. SVIRIDOFF. Gentlemen, I have been here all morning and I know how much time you have already spent on these matters.

Senator CHAFEE. You heard the introduction Senator Javits gave?

Mr. SVIRIDOFF. I did hear that. I appreciate it very much. Since the hour is so late, I am not going to summarize my testimony. I have attached a one-page summary to it. Instead, I would like to comment on a few of the subjects that were discussed at some length here this morning, particularly structural unemployment, and the use of public service employment——

Senator NELSON. Your statement will be printed in full in the record, please proceed.

Mr. SVIRIDOFF [continuing]. To conclude that sentence, use of public service employment as a means of training the structurally unemployed.

The difficulty I have had with the discussion all morning is that there seems to be an assumption that the structurally unemployed is a homogeneous group, and it is not. If there is anything we know, we know that. What this means is that some of the structurally unemployed manage to get very good training in public service employment—how many, no one knows. Some cannot be trained through public service employment. How many, no one knows. Others cannot be trained through any conventional training service offered. How many? No one really knows.

Now my second point is that there is a tendency to move from an idea such as public service employment, which is a very good idea, either as a countercyclical device or as a device for employing structurally unemployed—from an idea to a national program. In doing so, inevitably we face the kinds of problems and questions that are raised here today, and for which we do not have answers. I do not mean to suggest by this comment that it is wrong to move to a national program. I strongly suspect that this country has little or no alternative in the absence of more or better knowledge. We move then to a national program, we fail to learn adequately while that program is in process, and we drown in a sea of ignorance and confusion, with question being raised which no one can answer except to say that I think this, or I know that, but nothing can really be proved.

So my third and really final point, and it is the point I have tried to stress in this testimony is that we need a separate parallel research and demonstration track; that is, a track knowledge-producing which will run parallel to our massive programs, for which at the present time we have no alternative, and I do say in my testimony that I support CETA legislation as proposed. I also support the principle which Senator Javits and other members of this committee have emphasized, the importance of targeting. I support the expansion of the program because we have no alternative. But we need in addition on a parallel track a means of testing ideas; a means of monitoring the progress of programs; a means of gaining knowledge.

Now we have made several important steps in that direction in recent years from which I think this Congress will learn a great deal. In the recent Youth Employment Act we set aside specific funds for demonstration purposes.

The Youth Employment Act also provides and I believe this is the result of Senator Javits's initiative—I am not certain of this—a specific sum of money, $15 million, if I recall it correctly, to reinforce, monitor, test, expand successful school work programs. Another $15 million for testing a set of private sector initiatives, another $15 million for testing a set of urban improvement initiatives, and additional funds for demonstrations in the private sector.

Now in the supported work demonstration, which started approximately 3 or 4 years ago, there are seven Federal agencies and the Ford Foundation testing a set of ideas which had been tested originally by the Vera Institute of Justice in New York, having to do with the employment of the hardest of the hard-core ex-addictes, ex-offenders, AFDC mothers who have been out of the labor market for the past 3 years, which means this program deals only with the lowest 10 percent of that AFDC population, delinquent youth, emotionally disturbed, alcoholics, and others. We have learned a great deal from this program. The program is being tested in 13 different areas. It is being tested with a control group methodology.

We now have the early results which tell us that this particular technique which my testimony describes has succeeded in successfully transitioning 30 percent of the hardest of the hard-core in 13 different areas of this country. A very important item of knowledge. But an item of knowledge which also suggests that we do not know what to do about the remaining 70 percent. It is precisely that kind of testing, testing to find what works, and what does not work that will help us some day to provide reliable answers to the kinds of important questions you have asked this morning.

My testimony also refers to the unusually competent monitoring which has been conducted by the National Academy of Science, with the support of Labor Department funds and Ford Foundation funds, and suggests that a limited amount of resources be set aside, possibly for the creation of a commission to conduct this kind of monitoring of the CETA program on a continuing national basis so that there is a steady flow of accurate and reliable information.

Senator NELSON. Thank you very much.

When you referred to the structurally unemployed as not being a homogeneous group, I would agree. I think one of the problems we have in discussing structurally unemployed is that it is a subjective judgment being made by each individual. We do not have an objective, concrete specific definition of structurally unemployed that everyone would agree with. It can mean whatever you want it to mean. You have a situation which must concern us. We do know that long-term unemployed youth, or other disadvantaged, nonskilled persons would fit into the structurally unemployed category. Where do you put that high school graduate, who is intelligent, who did a good job in high school, whose grades were fine, who is out there now, and has absolutely no skill whatsoever?

Mr. SVIRIDOFF. But is motivated?

Senator NELSON. A youth who wants to work. You say that one is not eligible for some of these jobs. There are a very large number of people who are there. They did their 12 years in school; they did fine, they are intelligent, they are qualified with some training, and they are motivated. Are they structurally unemployed? Are they among the structurally unemployed?

Mr. SVIRIDOFF. You picked a borderline case. Let me tell you how I react, first on how does one define structurally unemployed. I would say that the individual who would not be absorbed by a normally expanding economy because of unusual characteristics of the labor market or the job seeker is probably a victim of structural unemployment.

Now where does that put that high school graduate of normal intelligence and normal motivation who cannot find employment. Is it a skill problem or a recession problem? If the latter, the problem is covered by the countercyclical program. I would not worry too much about that individual being picked up by a public service employment program. Clearly he will not be a difficult one to transition. He will learn from a public service employment job.

Senator NELSON. You said you would not worry about them being picked up. You mean they should be eligible and should have the opportunity?

Mr. SVIRIDOFF. He should be eligible, under a countercyclical program and I would suspect he would respond to that opportunity in a very positive and constructive way. That individual is not the problem. The problem is the individual who given a normal labor market, has dropped out of high school, who is probably nonwhite, who has been on drugs, who has a record of delinquency, et cetera.

What do you do about him? I would say a public service employment job for that individual probably will not work. However, 50 percent of that population I have just described has successfully transitioned into private and public sector under the supported work program.

Now we know that. That is a bit of knowledge that is valuable, and we know that from having tested it.

Senator NELSON. I understand that. I agree with that. You also have other programs, such as the Job Corps which has structurally unemployed. The youth in the good Job Corps programs are transitioning. The question that gets raised is that if you had a well-motivated high school girl or boy and put them in the job, they are going to do all right. What many people are saying, however, is are you doing anything for them. It is one thing to say we know we have to do something and address ourselves to this very difficult structurally unemployed person. Yes it is a terrible thing for that bright high school graduate 1 year later to not have a job. Parents keep saying to me, what about my son and daughter?

I think we have to be careful that we do not establish a program that defines such youth out of an opportunity to get into the public service employment, for example, or any of the other training programs.

Mr. SVIRIDOFF. I have no quarrel with that. However, the line will have to be drawn somewhere. I assume you would be concerned about the income level of the family.

Senator NELSON. I do not know whether you can do that. Somebody can be making $16,000 or $20,000 a year, and there is an adult son

or daughter and they cannot employ them, and they cannot stay at home.

Mr. SVIRIDOFF. Then we are talking about a universal program, and that is a program that would have to be many times larger in cost.

Senator NELSON. We are hiring people who are engineers and various other things under the CETA program. They have got to fit some place is all I am saying.

Senator CHAFEE. The man who is the head of the program you are partially funding, what is it referred to——

Mr. SVIRIDOFF. Supported work program.

Senator CHAFEE. He testified here last Thursday. He said there will be some kind of report coming forth in September.

Mr. SVIRIDOFF. That will be the second annual report.

Senator CHAFEE. I thought he said he did not really have much to go on.

Mr. SVIRIDOFF. I do not know who testified——

Senator NELSON. Mr. Grinker?

Mr. SVIRIDOFF. The first annual report was issued several months ago, and I have with me a collection of all the statistics out of that report.

Senator CHAFEE. I would like to get a look at that, if I could.

Mr. SVIRIDOFF. It gives the characteristics of all participants.

Senator CHAFEE. He went through the program—very interesting.

Mr. SVIRIDOFF. He might have said a 1-year report is not conclusive in itself. I would certainly agree with that. Neither will the second year report be conclusive. This experiment runs for 4 years with 3 annual reports, you see, so we will not have evidence of a conclusive nature until we see what the third report tells us.

The first report is very encouraging. The first report results compare favorably with the normal CETA population. That is, it shows a 25- to 30-percent successful job placement through this transition experience. It shows a 30-percent reduction in recidivist rates compared to the control group. It shows many other things which are very encouraging but not conclusive.

Senator CHAFEE. In this proposed act we are dealing with here, the revisions, does that provide the same type of money that will encourage——

Mr. SVIRIDOFF. It does in fact provide for expansion of this particular demonstration. What I would like to see is 1 and 2 percent of the total funds set aside for demonstrations and experiments and monitoring, with the monitoring preferably under the supervision of a special commission.

Senator CHAFEE. Thank you.

Mr. SVIRIDOFF. Not as an alternative to these other programs.

Senator CHAFEE. You like some wild card money in there.

Senator NELSON. Thank you very much for your patience in waiting to testify, and for your appearance here today. We appreciate it very much.

[The prepared statement of Mr. Sviridoff follows:]

Summary of Senate Testimony
March 6, 1978

Mitchell Sviridoff
Vice President, The Ford Foundation

The testimony endorses expansion of the CETA program as the "main instrument of national manpower policy". It supports the recent remarks of Senator Javits calling for sharper targeting of CETA funds for attacking structural unemployment problems in areas and for people of greatest need.

The major topic is the need to bolster manpower policy by incorporating more explicit provisions for the development of new knowledge and the generation of timely monitoring information on existing programs. Sviridoff suggests the operation of such activities "in parallel" with regular programs, stressing that such "learning activities are not a substitute for large-scale federal expenditures to attack unemployment".

Sviridoff's testimony cites several examples of successful efforts to develop new knowledge through the conduct of limited-scale pilot efforts accompanied by rigorous evaluation designs. A leading current example is the national supported work demonstration sponsored by seven federal agencies, led by the Labor Department, and the Ford Foundation.

As an example of a timely and reliable source of monitoring information about the operation of CETA programs, Sviridoff cites the four-year work of the National Research Council of the National Academy of Sciences.

Sviridoff's remarks underscore the value of using non-profit, government-allied, "intermediary" corporations as agencies to act in behalf of the federal government to help monitor, and assess knowledge development activities. Examples cited include the Manpower Demonstration Research Corporation which administers the supported work demonstration and a portion of the new Youth Employment Act. Advantages of the non-profit, working under the supervision of the responsible federal agency, include its flexibility, speed, and non-partisan impartiality and objectivity.

Sviridoff's testimony concludes by suggesting that some modest percentage of CETA funds be legislatively earmarked for experimental and monitoring activities.

Testimony of

Mitchell Sviridoff

before the

Senate Human Resources Committee

Sub-Committee on Employment, Poverty

and Migratory Workers

The Ford Foundation
March 6, 1978

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify with regard to various aspects of the CETA program.

This statute has become our main instrument of national manpower policy; and I support the trend towards expanding its coverage and enlarging the amounts of funds devoted to it. I also support the January 26 remarks of Senator Javits concerning sharper targeting of CETA funds for areas and people of greatest need. As Senator Javits said, CETA should be directed at the "structural defects in our labor markets". CETA can be our most potent weapon for further substantial reductions in unemployment without incurring unacceptable rates of inflation. CETA can attack labor market handicaps that do not readily yield to the traditional economic stimuli of increased aggregate demand.

The Committee has and will hear much on the details of the points I have just made. So I will not belabor them here. Rather, I would like to devote my time to discussion of a vital element in a comprehensive national manpower policy, an element that has not received enough attention. And that is the matter of developing new knowledge about what works and what doesn't work. It is this topic -- the generation of reliable and timely information -- that I would like to explore with the Committee today.

The suggestions I will be making deal with the development of knowledge in two broad ways: one is through demonstration-research, where we learn through operational settings. The other is through monitoring and evaluation of regular, ongoing manpower programs.

Compared with the many billions of federal manpower dollars that have been spent over the past fifteen years, we have spent very little for learning how to improve what we are doing, or to carefully chart the way to embark on new courses. Although much of the work is of high quality, the evaluations that have been carried out are, in most cases, conducted after the fact. The information is frequently received too late to help realign operations.

The problem is not so much that we have failed to learn anything -- we have learned more than is sometimes thought. But we don't learn quickly enough, and the learning process is not usually structured as an integral element of program operations.

Our normal course in social programs is to move from ground zero directly to large-scale operations, bypassing a time of limited testing of new ideas. This is understandable in light of urgent needs for new social initiatives. But in our haste, we may well be sacrificing long-run effectiveness.

There have been some notable exceptions to this pattern. Good examples of demonstration research projects include the negative income tax experiment of OEO, the housing allowance test of HUD, and the supported work demonstration now underway with funding from several federal agencies, led by the Labor Department, and from the Ford Foundation. (I am especially pleased to know that the Community Services Administration has recently decided to join the supported work funding consortium to enable expansion of the program's coverage through community action agencies in the State of Wisconsin.)

In these experimental probes into promising areas of social reform, there is first put in place a carefully-conceived, limited scale pilot test. These tests are accompanied by sharply-focused research designs. The demonstrations take place

in several locations in different parts of the country, so that the results may reasonably be extrapolated to national policy. But they are kept at a manageable scale so as to avoid raising exp ctations which would be dashed if the test results do not justify continuation as full-blown instruments of policy.

Of particular interest to this Committee may be the supported work demonstration now being conducted in thirteen locations across the country. This demonstration is a test of the supported work co. ept initially developed in the United States by the Vera Institute of Justice in New rk City.

Supported work is a transitional employment expe ence for people with severe handicaps to entering the labor market. These include ex-addicts, welfare mothers, ex-criminal offenders, and out-of-school youth. Supported workers gain work experience under conditions of gradually increasing employer or supervisor expectations, standards, and demands. The supported workers also work in close contact with others who share similar employment disabilities.

The work done is usually of a public service nature, although some work projects involve private firms who pay for goods and services received. At the end of the supported work experience, a period of between twelve and eighteen months, the supported workers are expected to graduate to full-time, non-subsidized employment.

The demonstration's research component includes a major quantitative and structured approach, using a control group methodology. That effort is being supplemented by a second element, which addresses the question of program variety and replicability. While the final research results will have to await the completion of follow-up interviews, some initial results are encouraging.

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In two and a half years of its existence, the supported work demonstration has shown impressive signs that it enhances the employability of very disadvantaged persons. Just over one quarter of its over six thousand participants, for instance, have moved on to non-subsidized employment. This is a placement record that compares favorably with other CETA programs. The success rate is even more striking when it is realized that supported work participants enter the program with much more severe employability handicaps then the average CETA enrollees. As another example, the positive performance of AFDC mothers while in supported work gives evidence that the work ethic among these persons is stronger than many had thought.

The supported work demonstration also illustrates another point I wish to make -- and that is the value of using private, non-profit corporations as agents to conduct large-scale demonstrations in close alliance with the responsible federal departments. In supported work, such a corporation acts as the central coordinating body in behalf of the six federal agencies and the Ford Foundation which share in the funding.

This publicly-supported, tax-exempt organization is known as the Manpower Demonstration Research Corporation. Its Board of Directors and staff include leading manpower specialists with extensive experience in operating and evaluating governmental programs at national, state, and local levels. The corporation — MDRC — has sufficient flexibility and latitude to make the necessary program decisions at the right time. Moreover, because of its independent status, it is in a credible position to oversee the thorough and impartial evaluation component.

The intermediary corporation has demonstrated its value in the early experimental stages, for reasons I have just mentioned. It also seems to me, although we have not yet reached this point in the development of supported work, that there is some further role for it in moving from the experimental to the full operational mode. For instance, there may well be some intermediary steps in that transition which would involve limited extension and expansion of the concept, simultaneously with refinement of some of the program mechanisms.

In view of the encouraging supported work evaluation data beginning to come to light, the time seems appropriate this year to consider moving the concept from its present experimental status to some larger scale as part of the extension of CETA. I understand that the Administration's CETA bill contains language which would permit continuation and some expansion of the demonstration. The details of how we move to these next steps, including the exact nature of the statutory base for supported work, will have to be discussed and considered carefully. To be considered are such key issues as groups to be served, geographic scope, the level of appropriations, and the difficult question of how to extend such a demonstration in the context of a decentralized system like CETA.

An outstanding example of Congressional initiative last year was specifically aimed at the development of knowledge in the field of youth employment. These new efforts are embodied in the Youth Employment and Demonstration Projects Act of 1977, a far-reaching statute that goes farther than any previous manpower bill in mandating certain kinds of demonstrations.

Several related experiments under the new Youth Act are about to begin, each under the guidance of the kind of government-allied non-profit corporation I m[illegible]ned earlier:

— The Youth Incentive Entitlement Pilot Projects is a test of the concept of a guaranteed job, in selected locations, for disadvantaged teenagers who remain in or return to school. Implementation of this program is being coordinated by the Manpower Demonstration Research Corporation, which is also conducting the supported work demonstration.

— The Corporation for Public/Private Ventures, with funding from the Ford and Edna McConnell Clark Foundations, a similar but more recent organization, is assisting in developing two of the youth demonstrations. One is the Youth Community Conservation and Improvement Projects, a multi-location demonstration which seeks to replicate a Portland, Oregon, model project for youth working under the supervision of skilled craftsmen in carrying out emergency home repairs. The other experiment will test new approaches to enlisting private enterprise in finding solutions to youth unemployment problems. One possible approach is the Jobs for Youth program in New York and Boston, which provides tailor-made youth placements in small firms which do not have a personnel department.

— A new program of grants for local educational agencies for outstanding projects combining education and exposure to the work place is being put together under the leadership of Youthwork, a non-profit corporation with a broad base of funding and support from the Field Foundation and other private foundations. A major objective of this demonstration is to enhance the working relationships between school systems

and manpower agencies such as CETA prime sponsors, and to improve the general occupational readiness of high school students.

These private corporations are carrying out their assignments under the supervision of the Labor Department's Office of Youth Programs. The work being done is in conformance with the Department's knowledge development plan which was prepared pursuant to the Youth Act.

The government-allied, non-profit, "intermediary" corporations can be excellent instruments for starting, monitoring, and assessing experimental ventures. The corporations can attract talent that might otherwise not be drawn to public service. They can mobilize and receive support from philanthropic organizations. Their private status enables them to move flexibly and quickly to resolve problems. Their essential impartiality permits the conduct of an objective evaluation. They are organized and staffed to bring about a good balance between the needs of program operations and of evaluation. And their political non-partisanship and bureaucratic neutrality allow them to make the difficult decisions about delicate matters of the kind that can immobilize public agencies.

The corporation's relations with the responsible federal agencies need to be drawn in such a way as to make it clear that the policy direction, overall supervision, and final authority are properly lodged in the government. And the connection between the work of the non-profit, on the one hand, and the requirements of the government, should be so fashioned that the research and monitoring activities maintain the sharp cutting edge of policy relevance.

Another advantage of the non-profit corporation is that it can test a new notion on a limited basis without building public expectations and constituencies which then have a stake in program continuity and growth -- regardless of merit. Under the allied-corporation approach, an idea whose merit fails to prove out in the experimental stages can be put to rest relatively quietly. The National Commission for Manpower Policy alludes to this point in its most recent Annual Report, when it calls for more attention to research and development. The Report observes that it is

> ...less expensive for the nation to invest small sums in determining whether a new approach would be effective than to establish a new program and to learn later that the approach is inherently flawed.

My remarks to this point have emphasized the development of new knowledge through the operation of national experimental and demonstration projects with strong evaluation elements. Another important aspect of knowledge development is independent monitoring of ongoing CETA activities.

A leading example of effective work in this field is the CETA monitoring and evaluation project of the National Academy of Sciences' National Research Council. This project, whose work I have found to be scrupulously objective and timely, has been underway for nearly four years with funding from the Labor Department and the Ford Foundation. It has resulted in several publications on various aspects of CETA, such as the kinds of people served, the nature and extent of training, and the methods of local operations and control. These reports have, from all indications, been of use to the Congress, government agencies, and the press.

In common with the experiments, the monitoring activities' effectiveness, timeliness, and credibility can be strengthened if the work is under the aegis of a respected and non-partisan private organization. This is not to argue that the government should in all cases delegate its monitoring and evaluation functions to private groups. There will never be enough competent private organizations for this; and, more importantly, we should strive to develop a diversity of approaches and capabilities.

We cannot rely on government alone, any more than we can rely on private groups alone. As we continue to build these capacities in the government-allied private sector, we need also to strengthen the in-house ability of Congress and the agencies to conduct their own monitoring and evaluation. It is important to the functioning of our pluralistic, democratic system of government that there be a variety of information sources from which to learn.

I would like to turn now to the issue of the responsibilities of Congress in assuring that reliable information is developed and put to good use in a timely fashion. Authority for work along these lines already exists in Sections 311 and 313 of the CETA legislation. And the experimental portions of the 1977 Youth Act are a good precedent for further statutory initiatives. Passage of supported work legislation would stand as an example of translating experimental knowledge gained into programs enacted.

Congress might also consider taking further steps such as legislative earmarking of a modest percentage of CETA funds for experimental, demonstration, evaluation,

and monitoring efforts of the kinds we have been discussing. The National Commission for Manpower Policy, for instance, has called for one percent of program funds for research, and two percent for experimental and demonstration projects. Allocations for research were enacted in the earliest years of manpower programs, but often yielded the sorts of fragmentary and sporadic evaluation results I mentioned earlier.

If such Congressional allocations were to be made now, they should build upon and extend the techniques we have learned in the past few years in experiments such as supported work, and that we will be learning through the new Youth Act.

Another measure worth consideration is delegation to an independent entity responsibility for continous monitoring and evaluation of manpower programs. Such an entity might well be an existing agency, or it could take the form of a new Commission.

In conclusion, let me stress that learning activities are not a substitute for large-scale federal expenditures to attack unemployment. We cannot wait for the results of research before legislating and acting in response to well-known social and economic needs. What I am suggesting is the operation of sharply defined demonstrations and monitoring in parallel track with the conduct of ongoing programs. These parallel efforts should be teasing out new knowledge about the ongoing programs, as well as chipping away at the frontiers of little understood areas such as programming for the severely disadvantaged.

A truly comprehensive national manpower policy needs to incorporate all these elements. We have reached the point of massive commitment of resources

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to alleviate unemployment; it is time that we match this effort with a complimentary knowledge development strategy that generates a continous flow of information for fine-tuning and adjusting the operating components.

Thank you for your attention. I would be glad to try to respond to your questions.

Senator NELSON. We will adjourn until Friday, March 10. The hearing will be in room 424, Russell Senate Office Building. We will meet tomorrow on the Humphrey-Hawkins bill and Wednesday in this hearing room.

The meeting is adjourned.

[Whereupon, at 1:05 p.m. the hearing was adjourned.]

COMPREHENSIVE EMPLOYMENT AND TRAINING AMENDMENTS OF 1978

FRIDAY, MARCH 10, 1978

U.S. SENATE,
SUBCOMMITTEE ON EMPLOYMENT, POVERTY,
AND MIGRATORY LABOR OF THE
COMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:12 a.m., in room 424, Russell Senate Office Building, Senator Donald W. Riegle, Jr., presiding pro tempore.

Present: Senators Riegle, Javits, and Chafee.

Senator RIEGLE. The subcommittee will come to order.

Let me welcome everyone and invite those who have not found seats yet to do so. We have a long list of witnesses this morning and we are pleased to have the testimony that will be presented.

Senator Lugar is here and is ready to testify and so the subcommittee will hear from him at this time. We are pleased to have you here.

STATEMENT OF HON. RICHARD LUGAR, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator LUGAR. Mr. Chairman, it is a pleasure to be here.

I appreciate this opportunity to discuss an activity which has great significance for youth employment—both presently and in the future.

As Mayor of Indianapolis I presided over a local administration of the CETA program from its beginnings in 1973. I am well acquainted with the mechanics, its potential value in fighting chronic unemployment, and the problems which have afflicted its implementation in many cases.

I am certain that one principal goal addressed by this subcommittee in evaluating CETA is that of assuring that the work ultimately performed by those employed is productive work, in terms of the employee and of the benefit to society.

We are all familiar with misapplications which have led to so-called "dead-end" or "make-work" employment of little lasting value either to the worker or to the employing community. As one who has grappled with the task of hiring and utilizing effectively thousands of persons in a short time, I can testify that the challenge requires the best imagination which State and local administrators can summon.

During my tenure as Ranking Minority Member of the Agriculture Committee's Agricultural Research and General Legislation Subcom-

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mittee, I have become deeply interested in a relatively new pest control system known as Integrated Pest Management, or IPM.

IPM, by providing farmers with timely scientific evidence of the incidence of pests in crops, enables farmers to use pesticides only when necessary, and only in the amounts necessary to assure a healthy crop.

The potential cost savings to farmers are significant, especially in this period of great concern about low farm net income. The potential advantages in terms of environmental protection are obvious.

Of basic importance to this subcommittee's deliberations is the fact that IPM is an extremely labor-intensive endeavor. IPM relies for its effectiveness on large teams of trained scouts, usually, but not necessarily, young persons who work in the fields counting and tabulating pest incidence.

Analysis of the extensive data base obtained by the scouts guides the farmers in applying pesticides only when they will be most effective, and only in the quantities necessary. There is no substitute for the manual data-collection function performed by the scouts, and significant numbers of scouts are required to do a thorough job.

For example, one trained scout working full time during the growing season is able to collect data on about 1,500 acres of small grain crops such as corn, soybeans, or wheat. On more specialized crops, such as apples, which are prone to greater pest damage, one scout can survey approximately 500 acres.

With almost half a billion acres of cropland currently in production, the employment possibilities clearly are significant. The training and experience required by young IPM participants could well lead to subsequent permanent employment in agriculture or elsewhere in the private sector.

To sum up, it seems to me that an excellent match exists between the needs of IPM programs for large numbers of workers and the need of the CETA program for work which is productive for society and for individual employees.

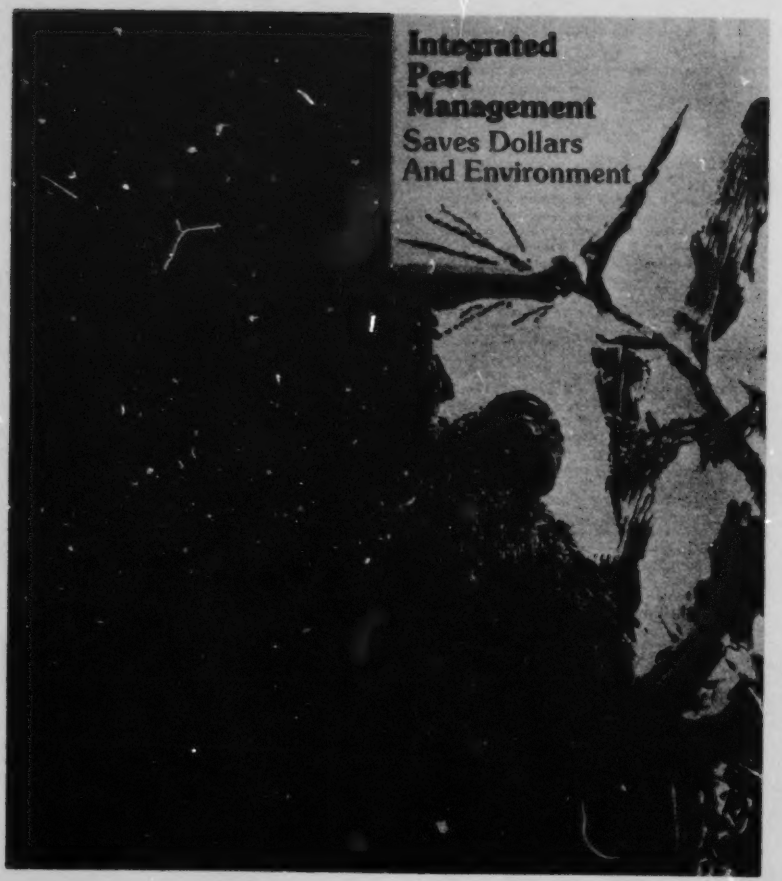
In addition, I would submit that the rural orientation of IPM would lead to more extensive use of CETA funds by State governments and in smaller communities where utilization of the program has been less satisfactory.

I have submitted S. 2688, the Integrated Pest Management Encouragement and Youth Employment Act to the full Senate as a means of acquainting all 100 Senators with the IPM concept.

I come today to request that this subcommittee incorporate S. 2688 as a part of the CETA authorization bill during the markup process. IPM projects would thus become eligible activities for the Young Adult Conservation Corps and other CETA programs.

I am hopeful that my colleagues on this subcommittee will recognize the multiple benefits of S. 2688 and add its provisions to the CETA reauthorization bill presently under consideration. I ask that a Department of Agriculture publication entitled "Integrated Pest Management—Saves Dollars and Environment" be included in the hearing record at this time.

[The material referred to follows:]


Integrated
Pest
Management
Saves Dollars
And Environment

Cash gains for farmers . . . savings for consumers . . . a better environment for all of us . . . may come out of a new approach called "integrated pest management," or "IPM" for short.

IPM Is New

What is integrated pest management? It's a system that relies heavily on "scouts" going into the farmer's fields to examine crops and check on—or predict—the number of plant pests. Insect populations are always determined in scouting, but other pests, such as weeds, nematodes, and disease organisms, can be included.

Expert agricultural consultants then consider existing or predicted pest numbers, along with data on local weather, expected yield, harvest dates, etc. They put all the available information together into an integrated management system and come up with scientific and management advice for growers on the best strategies for suppressing the crop pests effectively and economically.

IPM must be tailored for each farmer. Consultants advise the farmer on how to use the least possible amount of pesticides required to control the pests in his crop, and suggest other management practices that will minimize crop loss s from pests.

That's good for our total environment, too.

IPM means dollar savings for the farmer in buying pesticides, and lower costs for the labor, equipment, and fuel to apply them. For consumers, IPM could lead to lower food costs as farmers' savings are passed along.

Pest Management Is Not New

For many years farmers rotated their crops, treated them with pesticides, and did what they could to eliminate or at least reduce pest damage. But they usually did not have adequate knowledge of pests or available technology.

Too often, they've used heavy, repeated applications of pesticides that created still more problems. Often they applied pesticides according to the calendar, without knowing whether pests were serious or even present in their fields. (Pest outbreaks are not uniform in a community, and differ from field to field even on the same farm.)

Some pests built up resistance to chemicals. Secondary insect and weed pests emerged. And unnecessary amounts of pesticides were introduced into the environment. Too much pesticide, wrong timing, and mixes that kill beneficial as well as pest organisms have cost farmers and the rest of us—financially and environmentally.

How IPM Works

Three keys to a successful integrated pest management program are *prevention*, *monitoring*, and *control*.

Prevention includes rotating crops, destroying plant residues that can harbor pests, conserving natural enemies of pests by selective use of pesticides, planting resistant crop varieties, and other cultural practices.

Monitoring uses scouts in the field to check plants, animals, and soil for pests. Scouting fields can be supplemented by improved pest forecasting, using knowledge of weather, crop history and growth, and pest behavior and development.

Control includes using chemical treatment only when necessary to prevent economically important damage to the crop. It includes saving beneficial insects that may help destroy the pests that damage crops. The purpose is not to get rid of all pests but to hold damage to an economically acceptable

level. Control includes planning to prevent or reduce pest populations later in the year, on the next crop, or in an adjoining field.

Pilot Projects

The IPM idea has been widely demonstrated in recent U.S. Department of Agriculture (USDA) sponsored pilot projects in more than 30 states. IPM is gaining acceptance and is being put to practical use in most states.

In 1971, USDA began pilot projects to demonstrate to farmers and others that crop pests can be controlled at less cost and more efficiently through an IPM program.

IPM started with two projects—one in North Carolina on tobacco insects and another in Arizona on cotton insects. Since then, there have been more than 50 projects on 23 crops, and two projects involving livestock pests.

Accurate records are kept for each field. In some states all the known data from a farmer's field goes onto a central computer, usually at the state land-grant university where the Extension pest management specialist is headquartered.

In Indiana, for example, weather data from all over the state is automatically and continuously recorded by the Purdue University campus weather station. This data, along with the count of insect numbers, is used to predict increases of alfalfa insects. If it looks as if weevils are increasing, the pest management specialist informs the county agent, who then advises the farmer to spray for weevils, or to cut hay—an alternate control method—depending on the stage of alfalfa growth and weather forecasts.

Farmers like the IPM program. One farmer said there aren't enough hours in the day for him to check his many acres of corn for insects and weeds. Besides, he said he isn't always sure what to look for. Farmers feel this is so for pests on many crops.

A Michigan apple grower now sprays only when insect and disease problems are predicted, instead of by the calendar. Ground cover under the trees is managed to conserve natural enemies of pest mites.

A pear grower in California, through careful and reduced use of pesticides, has saved thousands of dollars a year since he joined the program. He applies insecticides, miticides, and fungicides only when they're needed.

Oklahoma, Virginia, and other states are using mobile diagnostic laboratories to help farmers identify pests. These labs put the pest management specialist, equipped with modern scientific equipment, directly into the field, saving valuable time, as problems can be diagnosed on the spot.

An Oklahoma county Extension agent said IPM has helped increase peanut yields by as much as 600 pounds an acre on farms participating in the program in his county.

Farmers are not the only users of IPM. A number of Maryland commercial sweet corn processors employ scouts and "black light" traps to check fields of contracted sweet corn for insects. Maryland soybean farmers are using a tiny parasitic wasp grown in a nurse crop of early planted beans on their farms. The wasps spread to other fields from the nurse crops and kill the Mexican bean beetle. This program has been so successful that these farmers seldom spray pesticides.

Costs for scouting or monitoring fields for pests may be as low as $2 per acre for grain sorghum and corn. For crops such as vegetables, tobacco, and fruit trees, costs can be as high as $25 an acre if insects, diseases, weeds, and nematodes are monitored. These programs are financially sound for farmers because IPM is designed to manage key pest problems for each farmer.

IPM educational programs have stimulated interest in, and increased, the number of private consultants offering IPM advisory services. Also, many farmers' cooperatives now offer IPM services.

Benefits of IPM

Farmers who use IPM discover many benefits. Here are some of them:

- Yields are maintained at the expected level, or have actually increased, compared with those where conventional spray programs are used. In situations where pests once were not being effectively controlled, farmers now have increased yields and profits.

- Natural enemies of the pests are conserved or increased in the fields.
- Net profits to farmers increase more than enough to offset the cost of IPM advisory services.
- Sprays are timed for maximum effectiveness.
- Pesticide resistance and secondary pest resurgence problems are minimized.

The benefits of introducing fewer pesticides into the environment are obvious and are praised by farmers and the public. There is less potential for pesticide contamination of crops, soil, and water, and less exposure of people to pesticides.

A Promising Future

What about the future? Some think IPM will do away with pesticides. This is not the case. Pesticides will be around for a long time and are essential to producing the food and fiber this country needs. For most crops, pests cannot be managed without highly effective pesticides. What IPM has done is demonstrate that there are *better* ways to use pesticides. It has also helped reduce the amount of pesticides being used on farms.

Pest problems will change over the years, and as they change, IPM programs must change too. The race between population growth and food and fiber production has led to a tremendous intensification of agriculture. As pesticides become fewer and more expensive, integrated pest management is helping farmers stay in the race.

Farm use of IPM will expand rapidly in the next few years. The Cooperative Extension Service, the State Agricultural Experiment Stations, and the U.S. Department of Agriculture are conducting research and educational programs to improve IPM.

The Cooperative Extension Service can teach the principles of IPM to farmers. Extension also works closely with farmer cooperatives, commercial agricultural consultants, and industries interested in providing farmers with IPM advisory services.

Consult your county agricultural Extension office for more information about IPM programs in your area.

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Senator LUGAR. Mr. Chairman, I would be pleased to answer any questions.

Senator RIEGLE. Well, thank you very much, Senator Lugar, for this presentation and certainly I will be interested in taking a closer look at this and on the weight of recommendations that you make.

Senator Chafee, do you have anything?

Senator CHAFEE. First, I would like to thank Senator Lugar for taking the trouble to be with us today and give this constructive thought. It touches on an area that is of interest to me because the whole field of pesticides of course is a subject of great dispute in the Nation, between those who want greater growth and those who feel that pesticides, inorganic, are perhaps dangerous to health somewhere down the food chain line. So this is a very constructive idea and, Mr. Chairman, what I would like to do, if we could, when we finish questioning the Senator on this particular point—he is a gentlemen who has had a lot of experience on the local level with CETA—and I would like to just get some of his views on the general CETA program from his experience when he was a mayor, if we have a couple of minutes when we are finished with this point.

Senator RIEGLE. I think it would be appropriate to do it right now.

Senator CHAFEE. I know this is a big question, but you were on the firing line as mayor of Indianapolis with the CETA program; and what did you find out? How did it work? Did it do any good? Did you think we were getting anywhere? Do you think any of these young people—not only young people, because we are thinking of the young people—do you think they went on to constructive employment subsequently?

Did you as a mayor find yourself—you were a prime sponsor, I presume—did you find that you were able to get good programs for them, or were you so harassed that you would just do anything to keep them busy?

Tell us a little bit about your own personal experiences.

Senator LUGAR. Senator Chafee, as you know, CETA programs cover all persons and backgrounds. The city of Indianapolis tried to use as many CETA positions as we could.

We were the beneficiary of those not used by other cities or the State of Indiana. From that standpoint, we had an aggressive posture and tended to employ people in city government. I would suspect we had a mixed success to people moving on into private industry.

Clearly, the program was very helpful in meeting unemployment needs at the time and in providing essential services in local government. I am convinced that there was a certain amount of transference from the local payroll to the Federal payroll, a problem that has been commented on by others. I understand Brookings has defined this as no more than 18 percent. I would have thought it was higher from my own experience.

But even then, it maintained levels of local government that would not have occurred during the recession.

I would say that it is probably a very important bridge between no employment and employment in the private sector, and the maintenance of some local effort in the meanwhile.

Now, the degree of stopping that characterized the Department of Labor's administration of the CETA program throughout this time

was unfortunate because from time to time certain things were to be phased out. City governments were given the impression that we would be winding up positions almost at the same time that new orders would come out; that we were not fulfilling quotas of the Department of Labor, and I think this is well known, who have tracked the terrain.

So to the extent that there is some degree of certainty and coherence of policy, there are helpful administrators.

I would add one final thought; and that is that CETA, as well as most programs that are laden with 33 different guidelines that categoric grants have, is laden down with a great deal of bureaucracy in terms of its enforcement and administration; and local administrations in this country, I think, will have a great deal of difficulty in trying to make certain that all the persons who are slotted meet the guidelines.

I think this is a recurring problem, which means that many local governments, not well equipped to fight through all the bureaucratic hassles, will simply not employ all the people that are contemplated.

Senator CHAFEE. We have had testimony from the county executive—the Suffolk County Executive—that of all the Federal programs that he dealt with, this was the one most laden with redtape. He said it was just incredible the number of weekly, monthly reports, based on how many of such and such a race, how many disabled veterans, how many veterans; he made it out; he indicated that it really was a great burden redtapewise, bureaucracywise.

Did you find that?

Senator LUGAR. Of course.

I would say that the committee has to try to wrestle with what the basic objectives of CETA are. Clearly, many of the objectives have been the employment of specified Americans, either by quota, or at least by some specific legislative thrust. That does create enormous problems in terms of both reporting and the identification of personnel who might qualify for the various positions.

Senator CHAFEE. Now, one of the changes that is proposed in this bill by the administration, the bill we are considering here today, as perhaps you know, is that limitation on the length of employment.

Is it 18 months for those who are currently on? And—what is it, 12? You can only keep somebody on 12 months in the future? Plus the person must be low-income, from the deprived group?

If you are middle-class, you are without a job, even though you might not have any income, your family might have some, and you cannot get on this program.

Now, what do you think of that?

Could you first discuss the length of time that you would keep somebody, the 12-month limit?

Senator LUGAR. Well, these are tradeoffs, I suppose, that the committee has to face. I suspect that this is a reasonable limit. This strikes me as being in the ballpark of that which is reasonable.

I find much more problem with the other aspects that you just mentioned. That being to the extent that the CETA reenactment becomes so targeted with regard to race or income or location, or any number of other preferences, that it seems to me that ultimately many

slots simply go unfilled. There also appears to me to be an endless amount of hassle over those slots that have been filled.

I think we have to determine whether this is basically an employment program, a training program, or an attempt to meet a mixture of other social goals simultaneously.

Obviously, it is both. But the weighing of the two ought to take priority.

Senator CHAFEE. Well, there is a lot of objection in the testimony that we have had, at least from the municipalities, to the fact that the people have to come in, in essence, the minimum wage, and under this bill it could not be supplemented at all. Well, 10 percent.

So that if you are taking the laid-off aerospace worker, who has got a college degree, he comes in at the minimum wage; he is not somebody that you could be training for assistant finance director or something.

What do you think of that? Does that make sense?

Senator LUGAR. Well, it makes sense, except that clearly, if you have someone of high professional caliber of that variety, such a person could be very useful in local government. I think there is no necessary reason, however, why local government ought to try to escalate the salary situation to meet his prior needs.

I think you would simply utilize the talents as you find it. I would hope that the person, because he was well qualified, would not be ruled out. This is the difficulty that the best talent available simply cannot make it under the guidelines.

Senator CHAFEE. Thank you.

I look forward to talking with you more privately because I think you have had about as much experience, practical experience, with these programs as anybody that we have here.

Senator LUGAR. Thank you very much.

Senator RIEGLE. Senator Javits.

Senator JAVITS. Well, I agree with Senator Chafee that your expertise can be very useful to us and I will say one thing, Senator Lugar, you are very fair about it. Of course, the public service jobs and municipal government are now going to be very much diminished. We are going to put much more emphasis on the bill structurally on the floor, and I think that may deal with a good portion of the problem. The municipal employee aspect of it is always questionable to me, even though in New York City we took more advantage of it in the sense of having more people, and we were in a terrible financial crunch, and saved such services as could be saved.

But I, too, like Senator Chafee, will pay attention to your expertise.

Did you find the training aspects of the program adequate or inadequate?

Senator LUGAR. Clearly inadequate. But then that is no news, I suppose, to all of us who have been in this field. Also, the fact that the programs have been inadequate, that they have been beat over the head and shoulder, that clearly there have not been many good training programs in America, requires us to keep trying in this area to find successful avenues for productive training programs.

Senator JAVITS. Senator, Private business really has to step up and we have to make it practical for them.

Senator LUGAR. Precisely.

Senator JAVITS. That is, I think, the answer that I am sure you would agree with.

Senator RIEGLE. I might just say on that point, one of the hearing witnesses we had earlier was the Chrysler automobile company, and they have been in the CETA program now for a long time and into specifically training the structurally unemployed people. In 10 years, they have taken 50,000 people through this program. It is not just in one location. The biggest one is in Detroit, but the bigger ones are scattered around the country.

As Senator Javits said, this is an exceptionally well-done operation.

You might be interested to know that what they have done in this training program, they have developed that they need a 5-week front end, intense effort of working with these hard-core unemployed people and they were describing the process for us. The individuals in this program are broken into groups, they work together, set some goals for themselves, but through 10 years of 50,000 individuals worth of experience, they have refined the technique that they have found that works and we have asked the administration to go out and examine this and the administration people and some staff people of our own will be going out to look at that. Because there are some success stories.

In other words, we do not necessarily have to re-invent the wheel here, because a lot of people have done this task, so I think we are coming in on that point.

Senator LUGAR. As a point of procedure, is this an amendment that might be offered by a member of the subcommittee during markup, or could it be incorporated?

Senator JAVITS. Will the chairman yield?

I am the ranking member, as you know. What you want is quite feasible, and Senator Chafee and myself will make it our job to see that we do something about it.

Senator LUGAR. Thank you very much.

Senator CHAFEE. Could I ask one other question, if I might?

The mayor of New Orleans gave us rather fine testimony here with his experience on this program. One of the points he said was, if you tell me that I have got to train only the structurally unemployed, hard-core people, and that is it, I am going to tell you, forget it. Because my people spend more time trying to supervise these people and it is not worth it. So you have got to give me a little leavening in there.

Did you have any experience with real difficulties in just trying to supervise some of these young people?

Senator LUGAR. Of course.

I think anybody involved in management of government or private industry has difficulty in work problems and starting from scratch. There has to be some appearance for a local government to undertake the whole business, and clearly there have been some, I think, in the previous years.

Senator CHAFEE. Well, thank you very much, Senator.

Senator RIEGLE. Yes. Thank you very much.

At this time, the subcommittee would like to hear from Senator Domenici, who is listed.

Senator Chiles is apparently en route, and I know is appearing and presenting recommendations with you, Senator Domenici, and we are delighted to have you here; and we will be pleased to hear from you.

STATEMENT OF HON. PETER V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Thank you very much, Senator.

I have Letitia Chambers, who has worked here with me before; and both Lawton and I got caught in traffic jams. I must have escaped just a bit ahead of him. I think he will be here shortly. I would prefer that we be here together, but I am afraid, considering your schedule, that I ought to take a few minutes of your time and proceed; and I am sure that Lawton will supplement and add to what I have added.

First, let me say that early next week, perhaps by Tuesday, Senator Chiles and I will introduce a full CETA bill. We do that because we have had a genuine interest for a long time and because—not because we want to infringe on this committee's bills or any of the members' bills, but because we think that is the best way to present our ideas, many of which will be overlapping and similar; but we hope that there will be a few distinguishing characteristics that come out.

As I indicated, Lawton—Senator Chiles and I have worked on this legislation which we will introduce next week.

The proposal, which consists of two separate bills, is designed to attack the most difficult forms of structural unemployment which have to date resisted lesser remedies. The measure, and the one that will be referred to the subcommittee, is the "Comprehensive Employment and Training Amendments of 1978."

The second one—and the reason that I will talk about it with you—is that it is tied to substantive law.

The second proposal would establish a voucher wage subsidy, then the CETA time sponsor would have to entitle youth, and then the reimbursement mechanism would be in the form of a credit against the withholding taxes.

For instance, Mr. Chairman and members of the committee, let us assume that you want to experiment with this approach in the private sector for young people.

What would happen would be that the prime sponsor would certify, Jimmy Jones, 18 years of age, as a young person that qualifies; we will tell you what we think our qualifications are, but it would be whatever your substantive law is, that Jimmy Jones would be entitled to a voucher from the prime sponsor that would clearly identify him, identify the amount that the voucher was worth per hour of work, 50 cents, $1, or perhaps $1 for the first 3 months of work, 50 cents for the next.

That voucher would belong to him and would be delivered to his employer; his employer would only have to certify in his books and records that he had Jimmy Jones on the payroll for a period of time; and then on the first quarterly withholding report to the Federal Government, when that employer reports and submits the taxes that that employer owes, he would subtract the voucher amount from it administratively, and the only auditing required by IRS would be to substantiate the voucher versus the number of hours, versus the amount taken against, or as credit against, the withholding.

I would say to you that it has administrative ease, from the economists that have been testifying with reference to taxes. It has an instant reduction in that employer's tax against that credit voucher system

and is very easy to administer as compared to anything that we have recommended in the past.

I repeat that the prime sponsors, as part of their overall plan in their community would be the ones to determine the number of youth, would be the ones to certify the youth, would be the ones to go out and find the private-sector people that would be wanting to use the young people and we would say that the maximum credit is $1 per hour, and then it could be reduced to 50 cents.

We will introduce a small tax bill along with this which will permit this tax, this change in the tax code. The tax liability thus would have an efficient, easy-to-administer mechanism that would open, in our opinion, thousands of job opportunities for the unemployed youth without appreciably increasing the paperwork burden either on the prime sponsors or on the employers.

Senator Chiles will outline in more detail provisions which will appear in our bill and I will not state them now, hoping that he will tell them to you in due course today. I will focus on just a couple of issues that are addressed in our bill.

Structural versus countercyclical unemployment.

I submit to you, Mr. Chairman, and members of the committee—and I heard some of Senator Javits' dialogue with Senator Lugar—a former mayor—I submit to you that it is time that we really tried to structure CETA so that it attacks structural unemployment rather than having a principal impact on countercyclical unemployment. I believe we know much better how to handle countercyclical and we are making strides.

But I believe structural is not being given the attention that it needs, and indeed I admit it is difficult.

It is agreed that a substantial portion of our unemployment is structural. CETA, in my opinion, is the appropriate mechanism for a targeted focus on this. However, we must clearly differentiate between remedies that are appropriate for the cyclically unemployed and those that are suitable for structurally unemployed. A public service job with no training or other services is suitable for the skilled individual who is out of work due only to economic conditions.

That same remedy is totally inappropriate in my opinion for structurally unemployed, which is caused by labor-force skills and behaviors that are not suited to employment opportunities in the labor market.

For this reason, we in our bill have carefully separated structural remedies into title II of our bill. The administration puts 725,000 job slots in a cyclical title with no training or service. Our bill recognizes that much of today's unemployment is structural by nature by transferring a substantial amount of funds from the temporary employment program in current law into our structural title, where a range of coordinated services are available.

I would say to the chairman and members of the committee that yesterday in the budget hearings, which obviously were not supposed to address the substance of the administration's CETA proposal, nonetheless found the Secretary of Labor before our committee on the budget and this particular issue as to 725,000 job slots are basically cyclical in nature in the President's bill, was addressed.

The answer of the Secretary of Labor was that he agreed that structural unemployment was the larger problem but that when he looked at the whole bill, that he thought they had flexibility elsewhere to approach structural. We disagree.

We think that almost by definition in the administration's bill, you are taking 725,000 job slots and they are going to be cyclical and not structural or directed at cyclical unemployment.

I will speak for a moment about local flexibility.

In a nation that is as large and diverse as the United States, one quickly becomes aware that different strategies for combating unemployment must be used in different areas of the country. The unemployment situation in New York is much different from the one in New Mexico. I assume that such is the case in many of our States.

We are therefore proposing that State and local prime sponsors retain a high degree of flexibility in shaping programs designed to meet varying local conditions.

Those provisions of our bill, which are directed toward structural unemployment, like title I of the current law, allow a broad range of training, placement, supportive and employment activities. Thus, we have sought to retain the existing administration arrangements which permit a high degree of local priority-setting.

In recent years, there has been a growing realization among employment specialists of the role of the private sector in combating structural unemployment. The huge budget deficits and our inability to further reduce the inflation rate below 6 percent has caused a diminution of support for massive increases in the public service employment programs.

Our bill will seek, in a number of ways, to encourage the private sector to take a greater hand in efforts to train and employ the hard-core unemployed.

If I were to suggest to this committee, known for producing gifted legislation and innovative approaches, if I were to summarize, in my opinion, its most significant challenge, it is to try to make the CETA program involve itself more with the private sector.

There has been beautiful language; our intention has been they are good and there may be certain parochial examples where it has worked, but ultimately its success is dependent upon your ability to come up with the proper mix there, or I believe we are in for some rather tough sledding in the future in terms of CETA.

The tax credits-voucher program for youth I mentioned earlier in my statement is one example of this new thrust.

Each prime sponsor will have a set amount of voucher authorization based on the prime sponsor's allocation. The prime sponsor would issue to eligible youth a voucher good for a credit of from 50 cents to 1 dollar an hour.

The youth would then seek employment in the private market. The voucher would entitle the employer to a reduction of his employees' withholding tax equal to that 50 cents to 1 dollar for each hour worked. The youth would be paid at least minimum wage, or with higher wage rates if the employer considered that appropriate. The voucher would be portable and valid for 24 months—that is not necessarily what it should be, but we had to set some dimension to ours. So it is good for 24 months.

So that the youth and employer would not have to worry about being locked into an unsatisfactory arrangement.

The employer would not have to go through the paperwork of waiting for a grant or contract. He would get the immediate cash benefit at each payroll period. All he would have to do is add a column to his withholding statement and attach the voucher along with his W–2 forms at the end of his tax year.

The youth would have the benefit of a regular private sector job. If he did not perform well, he could be fired; if he performed well, he could get raises and promotions. After up to 2 years of private-sector experience, the youth would in all likelihood be able to continue to be employed or employable without continued need for service or subsidized employment.

Senator JAVITS. Mr. Chairman, could we ask the Senator a question?

Senator RIEGLE. Yes.

Senator JAVITS. The facts—we will go into policy later—but it did not seem to me that you finished your sentence when you referred to three sentences from the end of that paragraph. "All he would have to do is add a column to his withholding statement and attached the voucher along with his W–2 forms at the end of his tax year."

Now, what would he get? What does he get? In other words, if all he is doing is cutting down the employee's withholding, he gets nothing. The employee is getting more. Unless he gets some cash.

What does he get?

Senator DOMENICI. What does who get?

Senator JAVITS. The employer. What does he get out of this deal?

Senator DOMENICI. The employer?

Senator JAVITS. Yes.

Senator DOMENICI. Let us assume that he had 10 CETA employees and he employed them for 1 week at 40 hours. If the voucher was $1, he would have those 10 employees, $1 an hour, credit against the withholding, against his withholding to the Federal Government.

Senator JAVITS. But the withholding is part of their money. It is not part of his money. He does not get anything out of it. The withholding is deducted from their compensation. It is their tax.

If he makes less withholding, they get the benefit unless you say something.

Senator DOMENICI. OK. You are right.

Well, the money that he does not pay in from the employees is his. Of course, of course.

Senator JAVITS. With all due respect——

Senator DOMENICI. I am sorry.

Senator JAVITS [continuing]. That was the thing that puzzled me. What does he get out of it?

Senator DOMENICI. He gets to keep that much of the money that he otherwise would have paid.

Senator JAVITS. Now, is it refundable?

Does he get it, regardless of whether he owes taxes or not of any kind of cash?

Senator DOMENICI. Yes, he should; but we are assuming that every employer of this type would be in a position where he would owe some taxes at the end of the year. Obviously, if he did not, it should be a tax credit.

Senator JAVITS. It is refundable?

Senator DOMENICI. Indeed.

Senator JAVITS. So you should add that.

Senator DOMENICI. Indeed.

Senator JAVITS. I will tell you why I say that, Senator. You know how I am sympathetic to anything that you propose. We are going to have to lay these all side by side. So I just wanted to be sure that we had the full details of yours.

Senator DOMENICI. Thank you, Mr. Chairman.

Senator CHAFEE. I have a question, too. This of course is in no way related to the profits of the company, the withholding, and in order to have it work, you have to have a substantial number of non-CETA employees.

Senator DOMENICI. Sure.

Senator CHAFEE. In order to have enough withholding to make any difference.

Senator DOMENICI. Well, he would owe taxes on the CETA employee also.

Senator JAVITS. Yes. He would owe some taxes on the CETA employee but, as I understand it, you take his total withholding funds from all his employees, whatever bracket they are in, and he is withholding some money at the end of each quarter to send in to the Federal Government; is that right?

Senator DOMENICI. That is right.

Senator CHAFEE. Now, then, in your case, he is entitled to $400 for a week, 10 employees, 40 hours. So he is entitled to $400. So for that week he just dips into his withholding fund and takes out $400 of cash and substitutes these vouchers.?

Senator DOMENICI. That is correct.

Senator CHAFEE. So he has got some immediate cash?

Senator DOMENICI. That is correct.

Senator CHAFEE. And the Government gets a voucher?

Senator DOMENICI. That is correct.

Senator CHAFEE. So that he does not have to wait until the end of the year and the company may be losing money hand over fist, but he still gets his cash?

Senator DOMENICI. We looked around for a mechanism which would match the quickest time for the employer to get this subsidy in hand and we merely chose his regular withholding payment scheme, because that is the thing that is—you know, they are bound by law to do; they must do it very——

Senator CHAFEE. He would have it at the end of a week?

Senator DOMENICI. He would have it at the end of the week and that his——

Senator CHAFEE. Each week he would be able to do this?

Senator DOMENICI. Whenever he files.

Senator CHAFEE. But he can dip into it. He is withholding from all the employees every week.

Senator DOMENICI. If he has got an officer that can tell him.

Senator CHAFEE. So he has some cash set aside. So each week he can dip into that and in substitution, put in his voucher. So I must say it is a great—it is certainly—there is no lag time at all.

Senator DOMENICI. That is correct.

Senator JAVITS. May we ask again only on the question of fact so that we get your plan?

Normally, it is not necessarily true that the withholding represents the full tax for an employer. Perhaps at the end of the year he owes the Government more money than he is withholding, or the Government may owe him money, based on his withholding.

Now, as far as the employee is concerned, under your plan it would be presumed that he would pay the full withholding, even including what the employer obtains; is that correct?

Senator DOMENICI. That is correct.

Senator JAVITS. So we have answered that question.

Now, the last detail of this is, perhaps you have not gotten to it yet, but I would like to know your plan for determining when this is extra employment over, above and beyond anything else that he would get, that is what the employer would get.

Why pick this guy instead of somebody else for giving him that credit?

Senator DOMENICI. Well, Mr. Chairman, every time we attempt to do this kind of—to come up with something in this field, the question of displacement versus adding on new people comes about. I do not have any significant way to define it here. I would be more than willing, so long as we do not negate the very ease that is built into this, that it is a simple mechanism. Any way to assure that we are really talking about new employment would be fine with me. But I think we have to understand that if we are going to try to attack youth structural unemployment, we are going to have to take some risks and with macroeconomic policies working well, I just heard this morning that we have added 3.9 million new jobs to the American private sector in a very short period of time, the most we have ever done, but youth unemployment remains desperate.

Senator JAVITS. I have a little news for you. It is going up. I am just about to go to the hearing, and it has gone up. It has gone up from 16 something to 17 something within the last reporting period, whereas general unemployment has gone down.

Senator RIEGLE. Senator Chiles?

STATEMENT OF HON. LAWTON CHILES, A U.S. SENATOR FROM THE STATE OF FLORIDA

Senator CHILES. I think we have to count some on the facts that the prime sponsors are going to be doing their job. We have to make some kind of reliance on the program and their giving this kid sort of an opportunity with the voucher to go to try to be in a bargaining position, but I think the prime sponsor is going to have to do some of the checks.

Senator JAVITS. We will submit to you a study of some composite, what our scheme is based upon, the unemployment compensation tax, and what are called unemployment compensation wages. Maybe, you know, it may be a marriage of these two ideas, solely designed to ascertain what is truly an increase in employment, attributable to whatever is our plan.

But I think we have the facts of record. You are open to some way in which this might be done if there is any feasible way.

Senator RIEGLE. Let me raise one additional question that goes to technique here more than philosophy, although it blends to both, but I guess it is essentially technique; that is, if—once we identify who is eligible for the voucher, that we dip into the group of essentially unemployed and identify those who are going to give the voucher, we contact them or they come in and get their voucher. However, what I heard from other witnesses who testified is that you have some unique problems with people who are structurally unemployed, and very often they are people who need the menial work with reading, writing, and very often, the basic beginning patterns of job holding and doing work and so forth are things that they really have not had any prior experience with, no counseling with, coaching with, and so forth.

It seems to me that one of the strong arguments that various prime sponsors and other public-interest groups that have handled CETA activity, such as the Urban League, feel that they have developed the capacity to take this young person who really needs to be helped and sort of walk through the process and counsel with help, and if that first part of the job is done, you just expect that you hand a kid a voucher and he is going to find a job vacancy somewhere; that maybe there would be a breakdown in the process right there.

I wonder if you really take into account the question of motivation, of counseling, of discussion, that would have to go on with a young person who has the voucher so that they become in effect at least job-training ready, if you will.

Senator DOMENICI. Mr. Chairman, I would say that the full range of needs are recognized in the Chiles-Domenici bill. All of that kind of training and even education is permitted and only if the prime sponsor finds that he wants to put Jimmy Jones in one of these positions to go out in the private world of work and look for a job, would it be done. They would be the ones that would make the decision. We are not setting any quotas. We are not saying 15 percent of the money or 40 percent. They have got to decide that he is right for this, based on the marketplace, and I would assume some outreach kind of contact with the private sector for the kind of young people that they might be looking for.

Senator RIEGLE. You are saying that the prime sponsor would still have the responsibility to make sure that each individual was talked to, looked at, evaluated; if certain remedial efforts had to take place, they would take place and then they would finally get to the point where they felt they were ready to begin this job training experience and they would be given the job voucher and maybe even a list of employers that were identified as places that they might go to get hooked up; so you would not be just handing them a voucher and sending them out the door?

Senator DOMENICI. Right.

Senator RIEGLE. Let me ask you another question in terms of training responsibility on the part of the employers.

It would seem that somebody could make the argument that this would be a good way for certain kinds of businesses to take and get labor really available to it, below the minimum wage. Let us say they were paying the minimum wage but because they get the voucher credit, presumably they could take some block of their work and start doing it on an ongoing basis with the CETA young people, with the

vouchers, and then when they exhaust the time period, they spend them out and they bring somebody else in and so forth.

But I can see that the potential is there, that would, I am sure, not be with us; that you would not want to see happen.

I am wondering, to prevent that, would there be some requirement that the employers see to it that certain kinds of training takes place so that when they finish their work experience they are not where they were when we walked in the door?

Senator CHILES. That is going to have to depend on the type of employment.

In many areas, yes, I think that would be true. Again, that could be something that the prime sponsor might require, and we discussed this, that we did not want this to be a revolving-door policy and we discussed that we would probably, in our final draft, go back and look at some of the language that was talked about when there was an attempt to make a minimum wage differential, and see what you would need to do to put in some protection, to see that you did not end up with that.

I think the training might be very important in some areas, but there might be other cases where it would not be an absolute requirement, depending on what the youth skills were when they came out from the prime sponsor.

Senator RIEGLE. What you are saying is that something where there is no training period, like someone working in a carwash, that it would not be the notion that you would go into a job of that sort where presumably you acquire as much skill as you are going to have 1 year later.

Senator CHILES. You know, in some instances, by the time a youth performs for 2 years, that employer has got some kind of investment in that youth in many instances.

Senator RIEGLE. That is exactly my point. I want to make sure that he does. Because if the bulk of the investment is that he is getting his tax breaks, once the tax break expires, then presumably that kid could become excess baggage and be dropped off.

Senator CHILES. I think that is one of the things that you would have to determine, you are going to have to oversee it and see whether this is happening; but we are never going to really deal with the structural unemployment if we do not get out and get into the area and start really facing that we are going to take maybe some risk in doing it. Because what we have done in every instance that I have seen since I have been here, we have said, yes, that is the problem, but we are afraid of this or that, but we better not do that. And we are watching these youth unemployment figures go up and up.

Senator RIEGLE. I must say that the one part of your idea that is attractive to me, is the efficiency for dollars spent. Once we have a youngster identified and ready to go, I like the idea of attaching to the young person the dollar incentive which is going to promote an actual training and job experience in the private sector.

Senator CHILES. We think, too, that it is so important that if you are hoping for these private jobs to be there, if you are going to put that employer through 9 miles of paperwork to get his money and fill out these forms and all, you are just not going to have a lot of them do it. If we can get a more simplified structure, there are an awful lot of opportunities out there.

Senator RIEGLE. Just to put some emphasis to your point, we have had people who lived there, lived in this area, say to us—and Senator Javits has been present in some of these discussions, as I have—that the paperwork burden has gotten so involved that it is actually suggested that to make your programs work, you need some sort of a halfway house to handle the paperwork.

If the employers could unbundle that piece of a job and somebody else could be inserted in the loop to get all the forms filled out and suddenly the CETA employee becomes more attractive to the operation rather than put us through the burden of an extra step; if we can find a way with sufficient safeguards so that we can eliminate that kind of additional burden, I think that is a plus for everybody.

Senator JAVITS. Senator, could I suggest a few things for you to think about? You both know me very well. I am hot for new ideas and this is an idea which we should inventory very carefully.

Senator CHILES. Well, the Senator from New York has talked about vouchers for a long time.

Senator JAVITS. I thank my colleague; but I would ask you to think about it. This is a period of exercise and you do not have to finish it right here. I think you should think about the open-ended character of this operation because you have to think about that in terms of substitutions; you have a lot of labor opposition, unless there is some limitation on that.

Second, whether it should be confined not only to the structurally unemployed for some given unemployment period or new entrants into the labor force, which is a very serious matter, the impact here is on minorities and new entrants into the labor force; and the third thing, which I think is important is the qualification of the employer and whether or not you leave it, because the employer has to have a certain responsibility about training and breaking in new persons from whom he is getting a cash benefit.

Lastly, it seems to me that you have to be concerned about prime sponsors who might be proper with these vouchers, without regard to the ceiling. There, responsible employers could make a very good thing out of this with people who do not have any great skills to be employed.

But those are things to think about so that the idea as presented to us may be as full bodied as possible.

Senator CHILES. Thank you.

I just would like to——

Senator RIEGLE. Senator Chiles, we are delighted that you are here and we understand that you have been detained, because we assume that you were walking.

Senator CHILES. I would have gotten here quicker if I were walking.

Senator RIEGLE. We would be pleased to have you make any comments.

Senator CHILES. I will submit my statement in full for the record.

[The prepared statement of Senator Chiles follows:]

STATEMENT OF SENATOR LAWTON CHILES
TO
SUBCOMMITTEE ON EMPLOYMENT, POVERTY AND MIGRATORY LABOR
SENATE COMMITTEE ON HUMAN RESOURCES
MARCH 10, 1978

CETA REAUTHORIZATION

I AM PLEASED TO APPEAR HERE TODAY TO PRESENT MY VIEWS ON THE REAUTHORIZATION OF CETA -- THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT. SENATOR DOMENICI AND I WILL BE SPEAKING FROM A DRAFT BILL WHICH WE EXPECT TO INTRODUCE AS SOON AS WE CAN IRON OUT SOME OF THE DETAILED PROVISIONS. A COPY OF THE DRAFT HAS BEEN SHARED WITH YOUR COMMITTEE STAFF. WE ARE PREPARED TODAY TO DISCUSS THE STRUCTURE AND MAJOR PROVISIONS OF OUR PROPOSAL.

LET ME SUMMARIZE THE MAJOR FEATURES OF OUR APPROACH, THEN GO ON TO DISCUSS THE REASONS FOR OUR RECOMMENDATIONS.

1. WE HAVE DEVELOPED A MISSION STRUCTURE FOR THE BILL, WHICH WILL SET OUT CLEAR OBJECTIVES AND GROUP MULTIPLE PROGRAMS SERVING SIMILAR GOALS. BY FOCUSING ON MISSIONS RATHER THAN ACTIVITIES WE WILL INCREASE LOCAL FLEXIBILITY IN IMPLEMENTING THE PROGRAMS, WHILE ALSO ACHIEVING GREATER PUBLIC ACCOUNTABILITY FOR THE OUTCOME.

2. WE EMPHASIZE STRUCTURAL UNEMPLOYMENT GOALS AND DIVIDE THEM BY AGE GROUP:
   PART A. FOR YOUTH (AGE 16-21) WE COMBINE INITIATIVES FROM MANY TITLES OF CETA;
   PART B. FOR ADULT DISPLACED WORKERS (AGE 22-54), WE RE-ESTABLISH THE EMPHASIS ON DECLINING AREAS AND INDUSTRIES, AND TIE TRAINING AND EMPLOYMENT TO ECONOMIC DEVELOPMENT PLANS; PROGRAMS ARE ALSO AUTHORIZED TO DEVELOP THE SKILLS NECESSARY FOR LABOR FORCE ENTRY OR RE-ENTRY FOR WORKERS DISPLACED FROM PRIVATE LABOR FORCE PARTICIPATION BY MILITARY SERVICE, IMPRISONMENT, CHILD-REARING, OR WELFARE DEPENDENCY.

PART C. WE CREATE A NEW INITIATIVE FOR OLDER WORKERS (AGE 55+), WITH A SPECIAL EMPHASIS ON LOCAL PROGRAMS TO MAINTAIN PRIVATE EMPLOYMENT AND ENCOURAGE INNOVATIVE WORK ARRANGEMENTS. WE MAINTAIN THE COMMUNITY SERVICE PROGRAM FOR OLDER AMERICANS AND THE ROLE OF NATIONAL CONTRACTORS.

3. PRIVATE SECTOR PARTICIPATION -- WE PROPOSE TO BUILD IT INTO THE BASIC STRUCTURE OF THE WHOLE CETA PROGRAM, NOT JUST TACK IT ON TO THE PUBLIC PROGRAM. WE PROPOSE AN INNOVATIVE TAX VOUCHER MECHANISM TO ENCOURAGE PRIVATE EMPLOYMENT OF YOUTHS WITHOUT ADDING TO PAPERWORK AND RED TAPE FOR THE EMPLOYER.

4. TEMPORARY EMPLOYMENT ASSISTANCE -- WE PROPOSE A LIMITED PROGRAM TRIGGERING ON AND OFF AT 5.5% UNEMPLOYMENT, WHICH IS .6 ABOVE FULL EMPLOYMENT AND THUS NOT INFLATIONARY. WE PROPOSE A FIXED AUTHORIZATION LEVEL, RATHER THAN A QUASI-ENTITLEMENT MECHANISM, SO THAT CONGRESS CAN ASSESS THE CHANGING ECONOMIC CONDITIONS AND MAKE THE APPROPRIATE RESPONSES.

NO ISSUE IS MORE IMPORTANT THAN THIS COUNTRY'S OVERALL POLICY ON ASSURING MEANINGFUL EMPLOYMENT OPPORTUNITIES FOR THE ENTIRE POPULATION. AS A MEMBER OF THE BUDGET AND APPROPRIATIONS COMMITTEES, I HAVE SPENT A LARGE AMOUNT OF TIME CONSIDERING CETA BOTH FROM THE VIEWPOINT OF ITS ECONOMIC OBJECTIVES AND OF ITS OPERATING EFFECTIVENESS. MY OVERALL FEELING IS ONE OF FRUSTRATION. THE GOALS AND POTENTIALS OF THE PROGRAM ARE ENORMOUS. BUT AS CONGRESS HAS RESPONDED TO ONE OR ANOTHER SITUATION, WE HAVE CREATED AN OBSCURE ARRANGEMENT OF PROGRAMS OF OVERLAPPING OBJECTIVES, MIXED FUNDING AND CONFUSED ADMINISTRATION.

BY CREATING A MASSIVE PUBLIC EMPLOYMENT PROGRAM IN RESPONSE TO THE RECESSION, WE HAVE OVERWHELMED THE ORIGINAL PURPOSE OF OVERCOMING STRUCTURAL BARRIERS TO EMPLOYMENT FACED BY CERTAIN INDIVIDUALS. DUE TO A QUIRK IN THE POLITICS OF AVOIDING A VETO OF APPROPRIATIONS, THE PROGRAM TO DEAL WITH THE ECONOMIC PROBLEMS OF DISTRESSED AREAS (THE ORIGINAL TITLE II) WAS COMPLETELY SUBSUMED INTO TEMPORARY PUBLIC EMPLOYMENT. IT SEEMS THAT EVERY NEW IDEA HAS BEEN ADDED

ON AS A DISTINCT PROGRAM OR AN EXPERIMENTAL AUTHORITY. WHEN I ASK WHICH PROGRAMS ARE EFFECTIVE, I AM TOLD THAT THEY HAVE SO MANY OVERLAPPING OBJECTIVES THAT THEY CANNOT BE ADEQUATELY EVALUATED. THERE HAS IN FACT BEEN NO SYSTEMATIC EFFORT TO SORT OUT THE MAJOR OBJECTIVES AND EVALUATE HOW EACH OBJECTIVE IS BEING MET BY EACH OF THE PROGRAMS. SETTING ANNUAL APPROPRIATIONS LEVELS HAS BECOME MORE A MATTER OF FAITH THAN OF ANALYSIS AND JUDGMENT.

I AM VOICING MY FRUSTRATION NOT TO CRITICISE THIS COMMITTEE, BUT TO MAKE A POINT ABOUT HOW PROGRAMS TEND TO GROW AND WHAT NEEDS TO BE DONE TO RESTORE PUBLIC ACCOUNTABILITY. THIS IS A RESPONSIBILITY WE ALL SHARE AS SENATORS.

THE BILL WE ARE PROPOSING TO YOU TODAY ATTEMPTS TO IMPROVE ACCOUNTABILITY IN THE FOLLOWING WAYS:

FIRST, THE TEMPORARY EMPLOYMENT PROGRAM IS CLEARLY SEPARATED FROM THE TITLE ADDRESSED AT OVERCOMING STRUCTURAL BARRIERS TO EMPLOYMENT;

SECOND, THE STRUCTURAL TITLE IS DIVIDED INTO THREE PARTS, BASED ON THE DIFFERING NEEDS OF YOUTH, OF DISPLACED ADULT WORKERS, AND OF OLDER WORKERS;

THIRD, FOR EACH OF THESE PARTS, WE SPECIFY A SET OF MISSIONS FOR WHICH THE PROGRAM CAN BE HELD ACCOUNTABLE. PROGRAM ACTIVITIES ARE LISTED FOR ILLUSTRATION AND GUIDANCE, BUT IF LOCAL SPONSORS CAN MEET THE OBJECTIVES IN A DIFFERENT WAY, THEY ARE AUTHORIZED TO DO SO;

FOURTH, CURRENT EXPERIMENTS ARE EITHER CONVERTED TO PERMANENT AUTHORITIES OR SEPARATED INTO A DESIGNATED PART OF THE RESEARCH, STATISTICS, EVALUATION, EXPERIMENTS AND DEMONSTRATIONS TITLE (III). EXPERIMENTS ARE LIMITED TO A DURATION OF THREE YEARS. THE SECRETARY IS REQUIRED TO SUBMIT TO CONGRESS AN ANNUAL EVALUATION PLAN TELLING US WHAT RESEARCH AND EVALUATION HE IS CONDUCTING TO ADDRESS WHAT POLICY ISSUES, AND WHEN HE EXPECTS TO ACHIEVE RESULTS.

A GUIDING PRINCIPLE WE HAVE FOLLOWED IS TO GIVE AS MUCH AUTHORITY AND FLEXIBILITY AS WE CAN TO THE LOCAL PRIME SPONSORS.

I WOULD LIKE TO TAKE JUST A MINUTE TO EXPLAIN THE LOGIC OF DIVIDING THE STRUCTURAL TITLE BY AGE GROUP. IT IS BASED PRIMARILY ON THE RECOGNITION THAT YOUTH, ADULTS AND OLDER WORKERS FACE DIFFERENT NEEDS, HAVE DIFFERENT BACKGROUNDS OF WORK EXPERIENCE, ARE TREATED DIFFERENTLY BY EMPLOYERS, AND RESPOND TO DIFFERENT KINDS OF PROGRAM EFFORTS.

STRUCTURALLY UNEMPLOYED YOUTHS MAY LACK THE BASIC SKILLS AND ATTITUDES NECESSARY FOR OBTAINING AND KEEPING A JOB. THEY MAY NOT EVEN KNOW HOW TO GO ABOUT LOOKING FOR A JOB AND GETTING AN INTERVIEW. THEY MAY BE CAUGHT IN THE CATCH-22 OF NOT BEING HIRED BECAUSE THEY LACK EXPERIENCE. WE CURRENTLY SERVE YOUTH IN NUMEROUS PARTS OF CETA:

57% OF TITLE I,
22% OF TITLE II,
50% TO 100% IN VARIOUS PARTS OF TITLE III,
100% OF TITLE IV,
22% OF TITLE VI, AND
17% OF THE WORK INCENTIVE (WIN) PROGRAM.

NO ONE CAN TELL YOU WHAT THIS ALL ADDS UP TO IN TERMS OF DOLLARS, IN TERMS OF SERVICES RECEIVED, OR IN TERMS OF A COORDINATED STRATEGY TO SOLVE THEIR PROBLEMS.

WHEN ADULT WORKERS ARE STRUCTURALLY UNEMPLOYED, IT IS MOSTLY DUE TO DISPLACEMENTS IN THE ECONOMY. THE AREA WHERE THEY LIVE MAY BE SUFFERING ECONOMIC DECLINE, OR THE PARTICULAR INDUSTRY FOR WHICH THEY POSSESS SKILLS MAY BE DECLINING. THEIR SKILLS MAY BE OBSOLETE DUE TO TECHNOLOGICAL CHANGE. THEY MAY HAVE BEEN SEPARATED FROM THE WORK FORCE FOR A SUBSTANTIAL PERIOD DUE TO MILITARY SERVICE, CHILD-REARING OR WELFARE DEPENDENCY. ADULTS NEED SPECIAL PROGRAMS GEARED TO THEIR RE-ENTRY OR DELAYED ENTRY TO THE WORK FORCE. THOSE PROGRAMS SHOULD BE RELATED TO LOCAL OR REGIONAL STRATEGIES FOR ECONOMIC DEVELOPMENT. IT IS USELESS TO RETRAIN A WORKER UNLESS

YOU ARE ALSO LOCATING OR DEVELOPING AN INDUSTRY THAT NEEDS HIS NEW SKILLS. WE THEREFORE PROPOSE REQUIREMENTS THAT STRUCTURAL PROGRAMS FOR ADULT WORKERS BE RELATED TO REGIONAL AND LOCAL ECONOMIC DEVELOPMENT PLANS DEVELOPED UNDER THE ECONOMIC DEVELOPMENT ACT.

OLDER WORKERS ARE NOT CURRENTLY SERVED BY CETA -- ONLY 2% OF CETA ENROLLEES ARE OVER AGE 55. I BELIEVE THAT THE DECLINING LABOR FORCE PARTICIPATION RATE BY WORKERS AGE 55-64 IS A MAJOR SOCIAL AND ECONOMIC PROBLEM. WE DO NOT NEED FULL-TIME PUBLIC JOBS FOR THIS GROUP -- WE NEED PROGRAMS TO HELP OLDER WORKERS REMAIN IN PRIVATE EMPLOYMENT IN THE FACE OF INSTITUTIONAL PRESSURES AND ECONOMIC INCENTIVES TO RETIRE. WE NEED INNOVATIVE PROGRAMS TO DEVELOP PART-TIME EMPLOYMENT, WORK SHARING, FLEXIBLE HOURS AND OTHER ALTERNATIVE WORK MODES TO ALLOW THOSE OLDER PERSONS WHO CAN AND WANT TO WORK TO CONTINUE TO DO SO. WORK PROVIDES THE KIND OF CRITICAL SOCIAL SUPPORT WHICH WE ARE TRYING TO RE-CREATE IN SENIOR CITIZENS CENTERS AND OTHER SUCH ACTIVITIES AFTER LETTING OLDER PEOPLE BE PUSHED OUT OF THE WORK PLACE. WE CAN UTILIZE VOLUNTEER EFFORTS TO ACHIEVE MANY OF OUR SOCIAL OBJECTIVES FOR THE ELDERLY, BUT WE NEED A FEDERAL PROGRAM TO DEVELOP AND FOSTER THOSE EFFORTS. WE ALSO NEED PEOPLE TO WORK WITH PRIVATE EMPLOYERS AND TRAIN WORKERS IN NEW WORK ARRANGEMENTS FOR THE OLDER WORKER.

WHILE WE WOULD HAVE THE SAME LOCAL PRIME SPONSOR CONDUCT EACH OF THESE THREE STRUCTURAL PROGRAMS, WE BELIEVE IT IS NECESSARY TO HAVE A SEPARATE AUTHORIZATION AND APPROPRIATION OF FUNDS FOR EACH. WE ARE CONCERNED THAT UNDER PRESSURE TO MEET PRIORITIES FOR ONE AGE GROUP, THE OTHERS COULD BE NEGLECTED. MOST IMPORTANT, WE THINK CONGRESS SHOULD BE ABLE TO CONSIDER THE CHANGING ECONOMIC CONDITIONS AND DEMOGRAPHIC TRENDS IN ORDER TO ASSESS THE NEEDS FOR FUNDS IN EACH PART. IF WE ARE TO HOLD THE PROGRAMS ACCOUNTABLE FOR MEETING THE DIFFERENT PROBLEMS OF THESE GROUPS, THEN WE MUST BE ABLE TO CONSIDER THE ANNUAL ACHIEVEMENT IN EACH OF THE SPECIFIED MISSIONS AND SHOW THAT WE ARE BASING APPROPRIATIONS ON ACHIEVEMENT AS WELL AS NEED.

OUR FINAL BILL WILL CONTAIN RECOMMENDED AUTHORIZATIONS EQUALLING CURRENT LEVELS, BUT SORTED OUT INTO APPROPRIATE NEW TITLES. WE WILL ALSO RECOMMEND MODIFIED ALLOCATION FORMULAS WHICH TAKE ACCOUNT OF THE PURPOSES OF EACH TITLE AND THE DIFFERENT STRUCTURAL PARTS.

AN INCREASED ROLE FOR PRIVATE EMPLOYERS IS A MAJOR THRUST OF OUR BILL. IT HAS COME TO BE GENERALLY RECOGNIZED THAT IT DOES NOT MAKE SENSE TO RELY ON PUBLIC SECTOR EMPLOYERS FOR A PROGRAM THAT IS SUPPOSED TO PREPARE WORKERS FOR ENTRY INTO THE PRIVATE LABOR MARKET. UNEMPLOYED YOUTH HAVE A CLUSTER OF ATTRIBUTES WHICH KEEP THEM OUT OF JOBS: LACK OF SKILLS, NO EXPERIENCE, POOR WORK ATTITUDES AND EXPECTATIONS, TOO LOW PRODUCTIVITY TO JUSTIFY THE FEDERAL MINIMUM WAGE OR MINIMUM UNION SCALE. AN EFFECTIVE PROGRAM SHOULD SEEK TO MODIFY ALL OF THESE FACTORS, INCLUDING THE EXCESSIVE COST TO EMPLOYERS. WE THEREFORE PROPOSE THE FOLLOWING MEASURES TO INCREASE PRIVATE SECTOR PARTICIPATION.

1. WE REQUIRE EACH LOCAL PRIME SPONSOR TO CREATE A PRIVATE BUSINESS ADVISORY COMMITTEE TO FACILITATE AND DEVELOP PRIVATE EMPLOYER PARTICIPATION;

2. EVIDENCE OF PRIVATE PARTICIPATION IS REQUIRED IN EACH PROGRAM AUTHORITY;

3. WE CREATE A TAX VOUCHER SYSTEM TO PARTIALLY SUBSIDIZE THE EMPLOYMENT OF UNEMPLOYED YOUTH WITH REQUISITE SKILLS. THE CETA PRIME SPONSOR WOULD DETERMINE ELIGIBILITY AND ISSUE THE YOUTH A VOUCHER, WHICH WOULD ENTITLE A PRIVATE EMPLOYER TO A CREDIT AGAINST HIS EMPLOYEE WITHHOLDING TAX, WITH NO GRANT APPLICATIONS OR PAPERWORK.

OUR FINAL RECOMMENDATION IS FOR A TEMPORARY EMPLOYMENT TITLE. YOU WILL NOTE THAT WE DO NOT CALL IT "COUNTERCYCLICAL." WE HAVE BEEN LOOKING AT ECONOMIC POLICY CAREFULLY AT BUDGET COMMITTEE FOR THREE YEARS NOW, AND WE ARE CONVINCED THAT PUBLIC EMPLOYMENT DOES NOT WORK WELL ON A COUNTERCYCLICAL BASIS. THAT IS, YOU CANNOT PHASE IT UP OR DOWN RAPIDLY AS THE ECONOMY CHANGES. IT TAKES TIME TO PLAN AND HIRE. ONCE WORKERS ARE ON PUBLIC ROLLS, YOU CANNOT EASILY DROP THEM OFF.

WE HAVE SEEN PROPOSALS TO VARY THE LEVEL OF PUBLIC EMPLOYMENT WITH THE UNEMPLOYMENT RATE OF THE PAST 2 OR 3 OR 4 QUARTERS. UNFORTUNATELY, AS YOU CAME AROUND THE BEND TO RECOVERY, YOU WOULD STILL BE INCREASING PUBLIC EMPLOYMENT EVEN AS PRIVATE UNEMPLOYMENT DECLINED. THAT WOULD AGGRAVATE THE CYCLE, NOT COUNTER IT. I AM AFRAID WE ARE BEING ASKED TO DESIGN THE RESPONSE TO THE LAST ECONOMIC CYCLE, NOT THE NEXT ONE.

WE DO THINK IT IS USEFUL TO HAVE A BACKUP OF PUBLIC EMPLOYMENT WHEN YOU ARE CLEARLY IN A RECESSION. THE PRESIDENT'S COUNCIL OF ECONOMIC ADVISORS NOW CALCULATES THE HIGH EMPLOYMENT RATE AT 4.9% OVERALL UNEMPLOYMENT. IN OTHER WORDS, AT 4.9% YOU HAVE TO BEGIN WORRYING ABOUT STIMULATING INFLATION IN THE JOB MARKET. WE THEREFORE RECOMMEND A FIXED SUM AT 5.5% OR MORE UNEMPLOYMENT. IF WE APPROPRIATE AT 5.5% WHEN THE ECONOMY IS RECOVERING, THEN THE PHASE DOWN WOULD LAST UNTIL YOU GOT DOWN TO 4.9%. IF WE ALLOWED EXPENDITURES AUTHORIZED WHEN YOU GOT DOWN TO 4.9%, PEOPLE WOULD STILL BE EMPLOYED WHEN THE ECONOMY ACCELERATED PAST THAT. IN TERMS OF THE PRESENT RECOVERY, THE TRIGGER WOULD BE THE SAME AS THE ADMINISTRATION BILL, SINCE THEY DISCOUNT THE PREVIOUS THREE QUARTERS OF ALLOCATION. THUS, THEY WOULD HAVE ZERO COUNTERCYCLICAL AUTHORIZATION FOR THE PERIOD WHEN YOU ARE GOING DOWN FROM 5.5% TO 4.9% UNEMPLOYMENT. IN GENERAL, WE THINK CONGRESS OUGHT TO LOOK AT THE ECONOMIC CONDITIONS AND FORECASTS EACH YEAR AND DECIDE WHAT MIX OF SPENDING IS APPROPRIATE, RATHER THAN MECHANICALLY TIE AN ANNUAL LEVEL OF SPENDING TO THE UNEMPLOYMENT RATE.

IN ORDER TO MINIMIZE FISCAL SUBSTITUTION AND MAXIMIZE THE NET JOB CREATION IN THE TEMPORARY EMPLOYMENT TITLE, WE INCLUDE THREE IMPORTANT PROVISIONS:

1. EMPLOYMENT IS LIMITED TO 12 MONTHS DURATION;

2. THE MINIMUM PAYMENT IS SET AT THE HIGHER OF FEDERAL OR STATE MINIMUM WAGE (NOT PREVAILING WAGE), WITH A MAXIMUM OF $10,000 PER EMPLOYEE;

3. SUPPLEMENTATION OF CETA WAGES FROM OTHER SOURCES IS FORBIDDEN.

MR. CHAIRMAN, WE APPRECIATE THE OPPORTUNITY TO PRESENT OUR VIEWS. WE KNOW YOU HAVE A DIFFICULT TASK AHEAD OF YOU IN CONSIDERING MAJOR CHANGES IN THIS IMPORTANT PROGRAM. SENATOR DOMENICI WOULD LIKE TO ADDRESS SOME MAJOR PROVISIONS, THEN WE WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Senator CHILES. I would like to touch briefly on the fact that we have tried to set up a mission structure for the bill and set out sort of the clear objectives and the group multiple program serving similar goals by trying to focus on the mission activities.

We think we can increase the local flexibility in implementing the program and also have a better public accountability in the outcome. We were trying to distinguish what needs to be done for youth, basically 16 through 21. Then for adult displaced workers, take that portion that we have been dealing with in the various parts of CETA and design or make a mission for the adult displaced workers and that would be age 22 through 54; in that area we tried to establish emphasis on declining areas, industries, and tie training and employment to the economic development plans and programs that are authorized to develop the skills necessary for labor force entry or re-entry. For the third part, we create new initiatives for older workers, age 55-plus, with a special emphasis on local programs to maintain private employment and encourage innovative work arrangements.

We would try in every way we could to build private sector participation right into the basic structure of the whole CETA program, not just tack it on. The voucher system is a way of really attempting to do that. Then we would propose a limited program of temporary public employment, triggering on and off about 5.5 percent unemployment, which is about .6 percent above full employment and thus not inflationary. We propose a fixed authorization level rather than a quasi-entitlement mechanism so that Congress can assess the changing economic conditions and make the appropriate responses.

No issue is more important than this country's overall policy on assuring meaningful employment opportunities for the entire population, and serving on the Budget and Appropriations Committees, I spent a large amount of time considering CETA, both from the viewpoint of its economic objectives and of its operating effectiveness.

I will have to say that I have a feeling of frustration because I do not think we really meet the goals or potentials of the program, but as Congress has responded to one or another situation, we have created a sort of an arrangement of programs and overlapping objectives.

I am voicing my frustration not to criticize this committee, but to make a point about how programs tend to grow and what needs to be done to restore public accountability. This is a responsibility we all share as Senators.

The bill we are proposing to you today attempts to improve accountability in several ways.

First, the temporary employment program is clearly separated from the title addressed at overcoming structural barriers to employment and;

Second, our structural title is divided into three parts, based on the differing needs of youth, of displaced adult workers, and of older workers.

And for each of these parts, we specify a set of missions for which the program can be held accountable. Right now we have a tough time of assessing accountability in the program.

Then, fourth, current experiments are either converted to permanent authorities or separated into a designated part of the research, statistics, evaluation, experiments and demonstration titles. Then we

limit those experiments to a duration of 3 years. The Secretary would be required to submit to Congress an annual evaluation plan telling us what research and evaluation he is conducting to address what policy issues, and when he expects to achieve results of that, and I think we have a way of grading those experiments.

As it is now, we find that many of the experimental programs just always grow into someone seeking a permanent program and they do not turn out to be a specified study, of which you have a mission goal that you are trying to get an answer for, and you have a way of trying to determine whether you have that answer or not. Then if it works, you build it into a permanent program apart from there.

We have again tried to provide as much flexibility as we could for the local prime sponsors. Our rationale for dividing the title by age group is based primarily on the recognition that the structural employment or unemployment in youth, older workers, and in the adults, all have different needs, and they face different problems.

If we could divide those into those mission areas, we could better attack the particular problems. Structurally unemployed youths may lack the basic skills and attitudes necessary for obtaining and keeping a job. They may not even know how to go about looking for a job and getting an interview. So they are caught in sort of that Catch 22.

We are now serving youths in numerous parts of CETA. 57 percent of title I, 22 percent of title II, 50 percent to 100 percent in various parts of title III, 100 percent of title IV, 22 percent of title VI, and 17 percent of the Work Incentive (WIN) program. But no one can tell you what this all adds up to in terms of dollars, in terms of services received, or in terms of a coordinated strategy to solve their problems.

When adult workers are structurally unemployed, it is mostly due to displacements in the economy. The areas where they live may be suffering economic decline, or the particular industry for which they possess skills may be declining. Their skills may be obsolete due to technical change. They may have been separated from the work force for a substantial period due to military service, child rearing or welfare dependency. So those adults need special programs geared to their re-entry or delayed entry to the work force. Those programs should be related to local or regional strategies for economic development.

Older workers are not currently served by CETA, and only 2 percent of CETA enrollees are over age 55. We believe that the declining labor force participation rate by workers age 55 to 64 is a major social and economic problem and that we do not need to have full-time jobs for this group. We need programs to help older workers remain in private employment in the face of institutional pressures and economic incentives to retire.

We need some innovative programs to develop part-time employment, work sharing, flexible hours and other alternative work modes to allow those older persons who can and want to work to continue to do so. Work provides the kind of critical social support which we are trying to re-create in senior citizen centers and other such activities after letting old people be pushed out of the workplace.

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Some of the most beneficial programs that I have seen operate in my State are Green Thumb, RSVP, these kinds of quasi-parallel voluntary programs; and I found that the people involved in those programs are delighted. They do not want to work 48 hours; they want to work 24 or 30 hours a week and they also know that they are in a field that is providing a service and the recipients of that service are delighted.

I held a number of hearings in rural areas on home health care and found that the care that is being provided by some of these Green Thumb workers is the most beneficial kind of care that older people can possibly have and you can go into areas that way and you are not touching anyone as far as hurting anyone else, taking a job away. It is a pure sort of a building program; and so what we are trying to do in some of our programs for older workers is to say that one does not have to terminate at the end of 12 months or 24 months. There is no reason to terminate that because we are really trying to talk about how we build in this part-time employment for them.

So that again is a basic difference, by trying to take the mission approach. I think the rest of my statement we talked about and a appreciate your giving us this time.

Senator JAVITS. Gentlemen, I have to be excused——

Senator RIEGLE. Senator Javits has to appear on another committee dealing with the employment situation.

Let me thank both of you for your testimony this morning and say that this committee, I think perhaps more than most, is very much open to ideas of this sort. Certainly, Senator Javits has a long history in that regard and I know Senator Nelson is the same way as I am, and Senator Chafee and others on the committee are.

So we will give very careful thought to this and we will have opportunity to discuss these ideas with you as we go down the track. But like you, we are looking for things that work. The record has been a mixed one in the past. We have tried a lot of things and we are still looking for formulas that give us a better return, in human terms, of dollars and economics.

So your initiative in putting this set of ideas together and presenting them is something that we will take and work with, with the same seriousness that you invested in it so that commitment to you is on behalf of the subcommittee and the full committee.

Senator DOMENICI. Mr. Chairman, will you make our full statements part of the record?

Senator RIEGLE. Yes, we will.

Senator DOMENICI. I want to share two thoughts with Senator Javits, because we worked on a couple of these issues on the floor when the CETA bill came out.

First, Senator, I hope in the youth employment, in the private sector, that while we attempt to address the issues that you raised—and they are good ones—the local prime sponsor, making sure that we have the right kind of employer, even if you only go with another experiment for a year or so on the private sector, I hope we limit the relation—the ongoing everyday relationship between employer and prime sponsor.

I hope they do not have to be audited every week and have somebody from downtown prime sponsoring the plan, or the job, because

I think you know being the entrepreneur, the person for the system, we have to turn these people loose; because it is not working the way it is.

The second point I want to make is that you and I have discussed whether or not there ought to be more flexibility in terms of using the youth money exclusively to disadvantaged youth relating their disadvantage to the income of their parents. We discussed that before on the floor and I think went with almost exclusively the children of disadvantaged parents.

I would hope that you would consider our bill which says we want it predominantly for that but we want to give a little more flexibility to the prime sponsor to determine that a youth can be structurally unemployed and really looking for a job and not be from a disadvantaged home and be a social problem, a problem to his family; and we are trying to go with a 70 mandated ratio, 70 percent 30 flexible. They could use the whole 100 if they wanted it for all disadvantaged youths. We are speaking not of the summer youth program but rather of the year-round one.

I submit that we need a broader base of support in some cities for the program, and I think this would have a good effect of having parents say, well, at least my child was given an opportunity. He did not just run down and they said you make $12,000, mama and daddy, therefore I have no chance. Go home. That is what is happening in many cities, because of the rigidity of the disadvantaged formula; and I would hope that could look at that one together in terms of a broad concern.

Senator JAVITS. I certainly can assure the Senator of all those things. There are analogies. I do not want to take the time of the committee.

Affidavits is one analogy, which means subsequent to prosecution, rather than preliminary check, and child care centers. So I share your words; they have not fallen on deaf ears.

Senator RIEGLE. I might add one other thought, and hopefully we can go on because we have a number of other witnesses.

But the discussion has been serious enough and focused enough that I want to add one thing to this discussion of who is eligible; and this gets to a problem that I call the end-of-the-line problem; and that is, if you are not going to take everybody that is out there that is structurally unemployed; if you are just going to take some and you are going to set eligibility requirements, then by definition you are deciding who gets what spot in the line. Certain folks get a chance to participate. In effect, you rule some people out of this program.

I am sympathetic with the idea that says some way, even if the program is proportionately divided, so that it is aimed predominantly at families of very low income, and I support that idea; I think there has to be some other part.

You suggest maybe 30 as a maximum down to something far less than that. I do not know what the right proportions are, but I agree with you that we have got to have some equity, some equity in terms of the availability of the opportunity

Senator DOMENICI. That is exactly the point.

Senator RIEGLE. If we are going to have sort of a situation where we are not going to take everybody, which is what we ought to be doing, the real answer is not a quota system, but to have a quota in effect that covers the whole line, but short of that, it seems to me, we have to have some way of making sure that every kid has some chance of partici-

pating if he or she is bona fide, structurally unemployed and sloughed out of the work system so that they do not walk away feeling that the country cares about somebody else and not about them.

Senator CHILES. We are delighted that you raise that.

We also feel that by breaking the program into separate parts, of youth, adult unemployed, and older workers, you do that same thing. You make that same determination. And then really we as Congress debate the priorities of what percent goes into what area, and then I think you would be able to look at that as your unemployment was out there and whether you saw you were making any progress from this or any other reasons in these particular areas in regard to what the percentage is of employment that we are doing and you could therefore assign your resources so much better.

Senator DOMENICI. Mr. Chairman, your idea is exemplified by taking two given families who might by accident come from the same neighborhood, one having five children and one with two; and the one with two happens to qualify because of an income, while right up the street, four doors away they are making $4,000 more as a combined income but they have five children and they both go down to get CETA help.

The first one qualifies because of an income text and what we are suggesting is that the second one ought not to automatically be excluded as they are now. They walk to the door and they say, your mom and dad make $4,000 too much. Go home. They may be in worse economic straits than the family up the road, but because of the test that we have, one gets in the door and once the door slams in their face. I think we have to solve that in some way.

Senator CHAFEE. Mr. Chairman, I think one of the best points has been made here—and I agree with their approach.

First of all, it is simple. Second of all, they are thinking about that middle-class American who always seems to be excluded from all these programs, but yet they have the problems that everybody else has.

Finally, the point I think they made about, let us try something. If we are going to be held in any fears that there will be displacement and all these things, we would not get anywhere and let us take a chance. Because whatever we are doing now is not working and I think you have got an excellent idea, and certainly, we will give it every consideration.

Senator RIEGLE. Well, hopefully, we are wise enough to build in the safeguards. We have not disagreed where the potential problems lie. It is an issue of working out the arrangement so that we protect ourselves in these areas.

Senator CHILES. And it is trying to work those out so that we do not put so much paper work in that we end up without having private employers that are ever going to take a chance.

Senator CHAFEE. It seems to me that the way to have, eliminate all problems, is to have so much paper work that no one will go do it. We do not want to get into that. I would rather take a risk.

Let me just ask you one question.

Have you got any suggestions from your experiences with private employers as to what would make them want to go into this program?

Would it be $1 or $1.25 or $1.50? Working with the structurally unemployed is a tough job and when we come to the theory that they do not come to work on time, they have no skills, do you have any suggestions that this kind of bait, with which a $2.60 minimum wage so they end up paying $1.60, do you think they would go for it?

Senator CHILES. I think there are some economic studies that would suggests 50 cents to $1 an hour is sufficient. I cannot tell you I have specific hard findings because it has not been tried.

My feeling is that it is the ease of that private employer for being able to get in the program is why he would take a chance.

If the local prime sponsor is really doing their job and they are talking about the needs of the community, an awful lot of this has to be on the basis of somebody deciding this is the proper and good thing to do. We are not really trying to attract the employer; it is an open gate policy. So I think the simpler you can make it, the better opportunity you have that out of good motives, private employers are going to say, we will take a chance. And then our feeling has to be, you know, that these kids do want a job. They do want to get into the work force. They will attempt to do something, especially if they can feel a pride about it, and they are going to be paid a private check; they are not going to be getting any sort of government check. They go with their voucher, which is different; they get paid back. We think those kinds of things add to the program and to the building of some kind of pride on the part of youth.

Senator CHAFEE. Thank you, Mr. Chairman.

Senator RIEGLE. I might say that in the youth employment bill, we did specify that 10 percent of that bill will be open to youth from all economic backgrounds. We try to build in that way so that nobody is foreclosed.

Senator DOMENICI. The existing one. Yes, it was 90/10.

Senator RIEGLE. Thank you very much.

Our next witness is Mr. Martin Glick, who is the director of the Employment Development Department, Health and Welfare Agency, State of California.

Let me say to the other witnesses in the room, if you have been here since the hearing started this morning, as you can see, there is a deep and intense interest on the part of a number of Senators on these issues. I take that as a very healthy and good sign. The fact that there is this kind of concentrated interest and concern and desire to try to work out formulations that can be effective and so while we are running behind on our hearing schedule this morning—and I think it is not just a normal tendency for Senators to talk too long, of which I and the rest are all guilty to much of the time—but this is exactly the kind of issue that we need to have Senators talking about, and so I take this discussion this morning as a very constructive illustration of the fact that we are on to the right things.

Mr. Glick, we have your testimony here. I am going to make your testimony in its entirety part of the record. I know you have a summary at the end of your presentation and I think in the interest of time and getting down to the nub of what you have come to say, if to the extent that you can summarize, that would be helpful all around.

STATEMENT OF MARTIN R. GLICK, DIRECTOR, EMPLOYMENT DEVELOPMENT DEPARTMENT, HEALTH AND WELFARE AGENCY, STATE OF CALIFORNIA

Mr. GLICK. Thank you very much.

Senator RIEGLE. Senator Cranston has asked me to express to you his regrets that other commitments on his schedule this morning make it impossible for him to be here. But he wanted me to extend to you from a warm welcome and say that he knows that you will have something significant to say and that he will see that it gets consideration by others.

Mr. GLICK. I plan to speak generally from my statement rather than try to repeat it, and to begin with a bit of background on the statement as to the reasons why we felt it important to come and talk to you.

First, you might be interested in knowing that I administer in California the State CETA program which includes the balance-of-State, Governor's 4 percent discretionary grant program, the State Employment and Training Advisory Council, and the 5 percent vocational education program. In addition, we administer the employment service, the work incentive program, and the unemployment insurance, and disability insurance programs.

I might also note for the record that prior to coming to this job, I worked for a legal services program which was bringing suits against the entities that I now administer. I have had a chance to look at these programs from both sides.

As to the CETA Act, first, we support very strongly the idea that local government should have the lead role in handling public service employment, and we strongly support the reauthorization of CETA for as long a period of time as is feasible, certainly more than a year.

In my discussions with California city and county officials, I found a great deal of frustration that the reauthorization issue is continually coming up for discussion and that the guidelines vary as new programs and titles are added and subtracted. This uncertainty has caused a lot of loss of support and loss of consistency in the program. So we do support the idea of a longer authorization.

We also support a differentiation between the structural title and the countercyclical title; however, we would like to see a sharper definition between them.

We firmly believe that the scarce resources should first go to those with the greatest need, the structurally unemployed.

We support the notion behind the private-sector language embodied in title VII, although we have problems with the way title VII is structured; I will come back to that.

Finally, I would comment that the 18-month public service employment limitation is something that we imposed 2 years ago in our 29 balance-of-State counties in the State and found it to be extremely helpful. The prime sponsor must plan to add that participant to the county or State payroll and to start thinking of how the training is going to promote that linkage to a county or State payroll. If the participant is going to be moved out, then we must face that fact.

So we support all of those things.

If I might, I'd like to describe the things we are very concerned about in the proposed act and make some suggestions.

No. 1, the act does not address the coordination problem that exists in the States, including California. The State's labor exchange program, the employment security program, is not linked to CETA and this problem is not addressed because it is not before this committee for consideration.

I would like, if I can, to explain the effects of that.

Senator RIEGLE. We would like to hear that.

Mr. GLICK. All right.

The biggest problem right now with the Wagner-Peyser Act is that it has not been reviewed in 44 years. The act is the same as it was in 1946. The problem we have with the Wagner-Peyser Act is that our funds are distributed by a resource allocation formula. That formula is a numbers game, a State-to-State comparison in which the total placement numbers that a State is able to achieve are compared to the total placement numbers that other States are able to achieve, in both cases as a percentage of staff; new resources at the end of the next year are allocated on that basis. Therefore, there is a direct disincentive to work with anybody who is difficult to place. The more time you spend per placement of client, the fewer numbers you make and therefore you lose staff next year.

Senator RIEGLE. So this leads directly to this creaming, skimming process that we heard so many testify about?

Mr. GLICK. Inevitably. It does that and also, of course, in larger States with a greater concentration of those folks in urban areas, it makes it very difficult to maintain your staff. In fact, the pattern has been over the years a diminution of staff in the large States, because the creaming is not as successful as perhaps the creaming in other States. So it is a very harmful way in which to allocate money. Secondly, because the State agency must get the credit for the placement or, of course, it does not add into the numbers game, the formula is a direct disincentive to cooperate with the prime sponsor, or to cooperate with title 303 programs, or other programs which make placements. If other agencies make the placement, there is no credit for the State agency.

Another thing that is very destructive about the way the employment program is operating in terms of coordinating with CETA, is that the yearly goals are mandated with no State or local input.

At the beginning of each year, I get from Washington the goals, the plans, and we must regurgitate these back to DOL as our yearly plan. This last year in California, we took those goals and we simply sealed them up in an envelope, gave them to nobody and totally ignored the process to see what would happen if we did what we think this committee can ultimately allow as a national scheme for coordinating all of these programs. That is, we said to all of our local managers, you plan and you sit down with the prime sponsors in your area, the vocational educational operators, and say, at the same planning cycle, we have these resources, you have those—what makes sense here as a flexible matter in Santa Barbara or Fresno or Los Angeles, or whatever the labor market area would be? Each office wrote that individual plan and they are all different.

They wrote them and we combined them in a State plan. That is what we submitted to the Federal Government and that is what we see as the appropriate role of the Governor in this whole matter. Those programs a State is administering should be the responsibility of the State government in a fixed block grant of money to the chief executive of the State, to write up that plan. The prime sponsors would be writing up a plan for their area and the Secretary of Labor would see if the plans are put together in a logical fashion or be able to see where people are antagonistic to each other and where there have been tough fights and say, I am not going to approve these plans until you get together and find something that is logical for the people.

I must say at this time, it was our strong hope that what you would have before you now is both the Wagner-Peyser Act and the CETA Act, so that the two could be written together to fit together the way in which manpower should be delivered.

Unfortunately, the Secretary of Labor has not submitted amendments to the Wagner-Peyser Act at this time and I recognize that the committee has scheduling problems. So we have some suggestions that we would like to offer as to ways in which the CETA reauthorization could proceed but nevertheless leave us some opportunity for integrating the Wagner-Peyser amendments so there can be a coordinated program.

Senator CHAFEE. Is there any other State where the head of the CETA and the head of the employment service is the same person?

Mr. GLICK. Yes. There are several States. My best recollection is that it is about 50–50, the States in which the balance-of-State and the employment service and the Governor's employment and training responsibilities are operated by a single department.

Senator CHAFEE. I assume you think that is a good idea?

Mr. GLICK. I do. I believe that the more State responsibility that can operate out of a single place, the better chance you have for a coordinated effort and the better chance of good relationships—for example, as a prime sponsor, I have more appreciation for the concerns of prime sponsors. I am operating the program with officials in 29 counties.

Senator RIEGLE. The only thing that worries me about that, Senator Chafee and Mr. Glick, I am sure that State to State it is even. Maybe California to the extent that it still exists, it has not split in the sense—it may be the showcase of this effort, I do not know. But I am sure there are other places that were not even off the starting mark. So how we find the right blend to be able to defer to States that are really on top of the thing, versus making sure that in other places it is not the case; that we are getting this job done in terms of a national imperative, I am not sure what the answer is, but I hear what you are saying.

Senator CHAFEE. Well, just being head of the employment security, it is a full-time job. Now, you add this on top of it; can you devote the time and energy to the CETA thing that should be devoted?

Mr. GLICK. I think so. It is always a tradeoff as you add responsibilities, but you are better off administering when that means communicating and making programs work together.

There is of course always in a given situation a point where you have too much direct responsibility and you cannot give it enough attention. These programs are similar though, and you have more time if you have them coordinated.

Senator Riegle, what we are proposing is a good deal of flexibility, that the Governor and State should resolve that question on the basis of the individual State realities and other responsibilities that may be allocated.

What we are saying is that the way the money should go to the Governor is that the Governor should submit the plan and that the acceptability of the plan is the best way in which to address the funding level question.

Let me make a couple of other points that are tied into this and then, if I may, I would like to make some suggestions as to how I think we could best proceed in a way that would be helpful.

First of all, there is in S. 2570, in sections 104, 105, and 110, a review process. In California, we reject the idea of review and approval. For us, the idea that the Governor would examine 37 individual prime sponsor plans after they have been gone over by the major or county supervisor and then go back to the mayor and supervisor and say, you did it wrong, seems like an exercise, and an exercise only.

Sections 104, 105, and 110 are written giving the Governor the duty without the authority. We believe that would give us nothing but the appearance of a coordination role, and would lead to a great deal of frustration.

As I said at the outset, we support the CETA idea. We believe that the allocation to local government of decisions on training and public service employment is a good idea, but at the same time, there needs to be recognition of the Governor's role and necessarily some resources given to the Governor—a real role with the dollars to achieve it instead of the role suggested in those sections.

If, as we understand it, this committee intends to take up the Wagner-Peyser legislation later, then we would like to make several suggestions:

First: That this reenactment of CETA carefully coordinate the planning process for CETA and the employment security program, and that these plans be developed on the same time cycle.

Second: Section 701 of title VII, once it is fleshed out, and we understand what it is, that we take into account the fact that the State government has a resource in the State employment security agency and do one of several things: either, No. 1, delay title VII implementation until it can be meshed with Wagner-Peyser, or No. 2, have the Secretary of Labor review and approve plans submitted by States, counties, community-based organizations, or private institutions proposing programs under title VII.

I was very interested in the preceding testimony about the various ways in which to do on-the-job training. In our 4-percent process, we did it exactly that way. We have three voucher systems running in California now. One is in Oakland, one in Santa Rosa, and one is in southern California. We have found that private employers vary greatly as to what they need to make a program attractive to them.

In some areas it is 100-percent subsidy for 3 months and then a pretty good promise that the persons get transitioned. The problem now with the CETA Act is that there is one way and one way only that the program can work, and the paperwork that we talked about attaches to that, and it is very difficult to encourage the vast majority of employers out there to cooperate, when we have only one way to ap-

proach them. I think the opportunity that is here, in $400 million under title VII, is to write that title as broadly as possible, permit a variety of approaches and encourage a variety of operators so that we can take advantage of ideas that develop.

Senator RIEGLE. I do not want to cut you off because you have important things to say, but I am very mindful of the fact that under the Senate rules, we are going to have to adjourn this session in about an hour's time and I want to make sure that everyone who has come from a long distance, as you have, gets a chance to speak.

So let me ask you, if you would—I am sure you are going to have other thoughts that you may want to give us, reactions to what has earlier been said—and we would like to have it—elaboration of your thoughts on the budget and so forth.

I know you have some additonal points that you want to make, but if you could do that in as concise a way as you can, we really need to move along as fast as we can.

Mr. GLICK. Let me see if I can summarize in one more minute the key things and then offer my availability for questions either here or subsequently.

I want to emphasize that the most important point here, as I see it, is that the committee act in a way on the CETA reauthorization bill that is consistent with ultimately integrating the necessary changes into the Wagner-Peyser Act, to make it run consistently with this act, so that in a rewriting of title VII, as I have just explained, and in section 205 particularly of the act, which provides again for private-sector activities, that there is full advantage taken of the employment service resources of the State.

We see no reason to establish duplicative employer committees. We have employer committees right now in every single locality in California. We have local employer seminars; we had 85 of them last year. We have, for the hard-to-place, job search workshops to teach people how to get jobs. We had 35,000 individuals involved in that last year.

Senator RIEGLE. We hear what you are saying. It is not to say that we can deal with both matters at exactly the same moment. We will certainly deal with the relationship of them.

Mr. GLICK. Then just two other points for your consideration that I can make very briefly.

There is substantial language in here about amendments to the way the CETA council and the State manpower services councils are composed. We do not hold a particular belief for the old way or the new way. I just call your attention to our belief that it should not be changed in the way now proposed. We would be opposed to changing it. The point is that we have worked with those people who are on those councils to get them educated for their role, to get them participating in the council. We are going to lose 1½ years of progress if we have to change the councils, change them to the proposed 42-member group and start from scratch.

The amendments are not important enough that we should throw out what we managed to accomplish.

The Secretary of Labor previously funded out of his discretionary funds the disabled veterans outreach program; we believe that to be a valuable program. That was going to be cut by 500; we believe that would be an error and we would like to see that program maintained.

Thank you very much.

Senator RIEGLE. I thank you very much. We both may have questions that we will ask you to respond to for the record and if we had time we would go into it here, but we appreciate your coming and we appreciate your testimony.

[The prepared statement of Mr. Glick follows:]

WRITTEN STATEMENT OF MARTIN R. GLICK, DIRECTOR
CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT
SUBMITTED TO THE SENATE SUBCOMMITTEE ON
EMPLOYMENT, POVERTY AND MIGRATORY LABOR

I am Martin R. Glick, Director of the California Employment Development Department. Thank you for your invitation to appear here today.

At the outset I wish to express the California State Administration's strong support for the reauthorization of the Comprehensive Employment and Training Act (CETA). The locally planned and operated CETA system has proven its effectiveness in the delivery of employment and training services.

My testimony today is given from my perspective as the administrator of both the California State Employment Security Agency and the California State CETA program. As such my responsibilities cover a broad range of programs including the State Employment Service (ES), the Work Incentive Program (WIN), the Unemployment Insurance (UI) and the Disability Insurance (DI) programs and the statewide labor market information system. Under CETA, I also act as the State prime sponsor with responsibility for CETA programs in 27 of California's 58 counties. I am also responsible for operating the Governor's 4% discretionary grant program, the 5% Vocational Education grant program, the newly enacted youth program, as well as the planning and coordinative functions called for in the Act through the State CETA Council.

I have listed these programs simply to emphasize the complexity of the employment and training picture. My testimony today will focus primarily on the urgent need for coordination of these various programs, especially the CETA and ES programs.

California's Efforts

Because of our concern over the potential duplication of services and our resolve not to waste scarce resources, California has undertaken a major effort to make rational the program delivery systems of CETA, ES, WIN and Vocational Education. It is our firm belief that each of these systems has a valuable and productive role to play in the effective delivery of public employment and training programs. We also are convinced that, with modest statutory changes, these programs can be mutually supportive and fully coordinated.

California began efforts at coordination with a revitalization of our State Employment Service, highlighted by two significant policy changes: The California Employment Service Redesign Program and the Comprehensive Bottom-up Local Planning Process.

California Employment Service Redesign Program

Introduced in October 1976, the California ES Redesign has broadened and strengthened the entire job placement service for jobseekers and employers. Labor exchange activities aimed at matching qualified jobseekers with mainly private sector, unsubsidized jobs have been stepped up and intensified. These activities have included more employer contacts for job orders; streamlining of job applicant procedures; prompt referral of unemployment insurance claimants to suitable job openings; speedier file search and sharing of job orders with other field offices; introduction of job search workshops to teach applicants job-finding skills and other self-help techniques; mechanisms to insure that services are provided on an equitable basis to all applicants, whether highly skilled or hardcore unemployed.

A major payoff of the ES Redesign program has been an increase in the number of job orders from employers. Job openings received from employers totaled 940,599 in the 12 months ending December 1977, a substantial increase over the openings received in the previous 12 months.

Job placements in 1977 increased by 15 percent over 1976, resulting in 580,000 actual placements. We have also seen our per individual placement cost stabilize at $186.60, an increase of less than 1/4 of 1 percent over the 1976 fiscal year.

Bottom-up Comprehensive Local Planning

Bottom-up Comprehensive Local Planning is at the heart of our coordination effort and represents a major departure from the State Employment Service practice of previous years.

Field Office Managers in over 260 local offices throughout California have been given the flexibility and the mandate to develop a labor exchange program in consultation with the State's 37 CETA prime sponsors, as well as with vocational education agencies, 303 grantees and community based organizations. The local office plan must contain an assessment of the local labor market including available resources, and then set realistic labor exchange goals that are responsive to local client and community needs.

Thus, service plans are no longer a stylized restatement of quantified activity levels imposed from a centralized federal or state level, as in the past; rather, they are a

representation of how ES goals will be accomplished at the local level reflecting the local office's allocation of resources in response to local needs and in concert with other available resources in the community.

Statewide Coordination

At the State level, we have taken the initiative to involve the ES Advisory Board (mandated by the Wagner-Peyser Act) and the State CETA Council (State Manpower Services Council) in a joint planning process.

The process began in January of 1977, and after a long and careful period of discussion, analysis and public hearings held throughout the State, the Board and Council adopted statewide goals and policies. These goals and policies call for the coordination of services through a collaborative planning process of State and local agencies. To implement these policies, a substantial portion of the Governor's 4% discretionary funds has been allocated to projects which test coordinated planning and operational models.

The ES redesign, bottom-up planning and the statewide coordination efforts are voluntary attempts to improve employment and training service delivery in California. They have been accomplished through the good will and trust of all of the involved parties.

The greatest source of frustration in these efforts has been the inflexibility imposed by certain federal statutes and administrative policies that seriously limit the level of cooperation and resource sharing that can be achieved. We in California have made substantial progress and could make even more, but it is clear that we can progress no further without Congressional action to remove certain barriers to full cooperation.

Federal Barriers to Program Coordination

California employment and training administrators at all levels unanimously agree that the most prominent barrier to CETA-ES coordination is the Resource Allocation Formula (RAF). The RAF is the formula used by the Department of Labor to allocate employment services funds to the various states. The Department of Labor calls it "performance based." What it is in fact is a complex mathematical formula that utilizes the raw number of job placements as the almost exclusive factor in determining the amount of funding a state receives.

The fiscal significance of these placement numbers leads State Employment Security Agencies to be preoccupied with obtaining the all-important placement credit, rather than offering a balanced mix of services in response to actual needs. As a result, the RAF has become a major inducement (1) to "cream" the most competitive job applicants and ignore the harder to place, often CETA participants; (2) to concentrate on quick and easy job placements in temporary and often low paying jobs rather than permanent and good quality jobs; and (3) to compete for placement "credit," rather than fully coordinate resources with CETA prime sponsors and other service organizations.

The other federal issue that needs to be resolved to achieve coordination between the CETA and Wagner-Peyser programs is the Governors' role and the appropriate responsibilities of State and local governments for service delivery.

Governors' Role

The apparent intention of S 2570, Sections 104, 105 and 110, is to expand the Governors' role in the program review and coordination of CETA. However, these sections would assign new functions and responsibilities to Governors without simultaneously authorizing them to enforce their findings or to implement coordination plans.

The mandate given to Governors under Section 105 of the proposed reauthorization bill cannot be achieved without additional authority to bring about the coordination. Governors can therefore actually coordinate programs only with those prime sponsors and other employment and training providers who volunteer to cooperate. The likelihood of such cooperation is slight in view of the reality that these entities plan services locally and receive funding directly from the Department of Labor without any mandated relationship with Governors.

Governors are assigned an equally untenable role under Sections 202 and 204 that govern the 5% supplemental vocational education assistance grants. Under the proposed bill, the 5% funds would bypass Governors and go directly to local prime sponsors. In order to use these funds, however, prime sponsors must negotiate agreements with the State Vocational Education Board. In the event agreements cannot be reached, and the Governor concurs, prime sponsors would then be authorized to select an alternative service provider. The Governors' mandated role in the mediation and negotiation of this process is inappropriate from both practical and political perspectives.

Rather than the role proposed by S 2570 as outlined above, Governors should be given full authority and flexibility to plan and coordinate a statewide labor exchange system. With such authority Governors can develop positive working relationships with prime sponsors and the mandatory review and recommendation requirement proposed by S 2570 will be made unnecessary.

Prime sponsors should continue to plan programs and receive direct allocation of funds from the Secretary of Labor and be responsible for their administration and delivery.

Functional Roles

In California we have been working with prime sponsors and community based organizations to resolve the issue of role relationships. There is unanimous agreement that the more effective approach to increased coordination is to emphasize cooperative state-local planning, recognizing that each jurisdictional level has unique resources that should be fully and effectively used.

The appropriate State role is the provision of labor exchange services including the collection and dissemination of labor market information. Because labor market areas are rarely confined to the jurisdictional boundaries of prime sponsors, the State is in a better position to administer these services. The Los Angeles-Orange County labor market area includes seven prime sponsorships including both cities and counties.

Similarly, the State is better equipped to deal with other statewide or regional programs, such as vocational education, vocational rehabilitation, and apprenticeship programs.

At the local level, prime sponsors working with community based organizations are in a unique position to plan and operate vital programs to provide employability training, skills building and subsidized public service employment for the structurally and cyclically unemployed.

Federal statutes should therefore delineate basic functions of the State labor exchange program and the local CETA program, but should allow sufficient flexibility to make the coordinated planning process meaningful.

Duplication of Services

The State Employment Security Agencies have been mandated to provide labor exchange services to the general public and private employers for the past forty years. In addition, State employment and training agencies have been designated under both Title IV Part C of the Social Security Act (The Work Incentive Program) and the Food Stamp Act to provide employment and training services to economically disadvantaged persons.

Section 205 of S 2570 would establish a prime sponsor-administered Job Search Assistance Program, to provide labor exchange functions such as job referrals, job match, assessment, counseling, testing, and job development. These functions are already available through the State Employment Service.

In a similar way, prime sponsors would be authorized under proposed Section 701 of Title VII to carry out programs to place economically-disadvantaged individuals in jobs in the private sector. Because the State agency already provides these services to the general public on a statewide basis, the proposal to provide a parallel system of labor exchange through prime sponsors wastes valuable resources and introduces yet another element of divisive competition between two systems that could and should operate in a complementary way.

Employer Reactions: Impact on the Private Sector

Based on the experiences of the 1960's, we can also anticipate an adverse employer reaction to the establishment of duplicative labor exchange services. For instance, the use of the FUTA tax for the financing of the State labor exchange was deliberately designed to link job seekers, especially those drawing unemployment insurance benefits, with private sector employers.

This function is an important service to employers, helping them find and hire qualified job applicants and reducing the time a job applicant is unemployed and drawing unemployment insurance benefits. The proposed Title II Job Search Assistance Program and the Title VII provisions have no mandatory linkage with either the State labor exchange or the State UI system.

We support the Administration's intent to tie employment and training programs more closely to private sector, unsubsidized jobs. We fear, however, that the provisions of S 2570 will be counterproductive to the extent that duplicative systems are established. We suggest that a more productive approach would be to dedicate Title VII resources to an expansion of apprenticeship programs in high demand occupational categories that do not now have apprenticeship structures, such as the health care industry. These programs should be targeted to the unemployed who have structural barriers to jobs.

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The State role should build upon the long-term and positive association between the labor exchange program and private sector employers. Both the Job Search Assistance Program (Title II, 205) and the Private Sector Jobs Initiative Program (Title VII) proposed by S 2570 can best be provided through a statewide labor exchange system, funded through additional appropriations authorized under amendments to the Wagner-Peyser Act.

Summary of Recommendations

The public employment and training system is a composite of at least two major components, the ES and CETA. The issue of appropriate State and local roles must be addressed consistently in both the reauthorization of CETA and amendments to the Wagner-Peyser Act.

We urge you at the very least to delay enactment of the following CETA provisions until they can be fully addressed along with related issues pertaining to amendments to the Wagner-Peyser Act: Title II Section 205 Job Search Assistance Program, the Title VII Public Sector Jobs Initiatives Program, and the Title I (Sections 104, 105 and 110) and Title II (Sections 202 and 204) administrative provisions describing the Governors' role.

Amendments to the Wagner-Peyser Act which would coordinate labor exchange programs with employment and training programs under CETA are summarized below. These recommendations are fully endorsed by the California Association of Prime Sponsors representing local government, the leadership of the State Legislature and the State Administration:

- Authorize the Governors, in accordance with state laws, to be responsible for the administration of a statewide labor exchange program.

- Establish in all states a flexible statewide labor exchange system which shall: (1) provide basic labor exchange services equitably to all job seekers and employers and (2) provide supplementary services such as Job Search Assistance to the job-ready unemployed who have special barriers to unsubsidized employment.

- Allocate Wagner-Peyser funds to states in a block grant according to a formula based on the State's previous level of allocation, the State's share of the national average number of unemployed persons and the State's share of the national civilian labor force (thus eliminating the Resource Allocation Formula).

- Require Governors to submit to the Secretary of Labor a statewide labor exchange plan developed with the involvement of CETA prime sponsors, community based organizations and other appropriate deliverers of employment and training services.

Senator RIEGLE. The next witnesses will appear together: Mr. A. Mike Romo, executive director, National Congress of Hispanic American Citizens, and Mr. Richard Zazueta, executive director, SER Jobs for Progress.

Let me welcome you both to the subcommittee and let me say at the outset, having my friend, colleague, and former work associate, Mike Romo, is a pleasure for me today.

Mr. Romo, who is seated to the right, is a person who worked with me for quite some period of time and left my office to assume the executive directorship of the National Congress of Hispanic American Citizens. So I am very pleased to see him here and we are pleased to hear from both of you.

Let me make the same comment to you that I made to the prior witnesses and that I am going to have to make to the subsequent witnesses; that is, that we are under very tight pressures because of the Senate rules, which require that we adjourn at an early hour this morning, because the Senate went in session early.

I am going to ask you, if you would, to really try to summarize the high points and talk as directly to us as you can so that we can get the essence of what it is that you want us to consider.

So, Mike, why don't you begin?

STATEMENT OF A. MIKE ROMO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF HISPANIC AMERICAN CITIZENS, ACCOMPANIED BY RICHARD ZAZUETA, EXECUTIVE DIRECTOR, SER JOBS FOR PROGRESS

Mr. ROMO. Mr. Chairman and Senator Chafee, we are appearing here today on behalf of the National Congress of Hispanic American Citizens and SER Jobs for Progress.

Incidentally, Mr. Chairman, there are currently SER operations in your State, and we hope we will be extending SER Jobs for Progress to the town of Flint. You have been helpful with that so far. I hope that support continues.

We are appearing together but have independent statements. Both are very brief, so we will overview those and attempt to terminate the hearing as soon as possible.

For the record, my name is Miguel Romo, and I am executive director of the National Congress of Hispanic American Citizens, located here in Washington, D.C.

One of our major concerns has always been economic justice for all Hispanics in the United States. For this reason, we have been closely following the development of pending legislation such as the reauthorization of the Comprehensive Employment and Training Act. We have testified before the House subcommittee and Mr. Giles will be testifying before that committee next week.

Before directly addressing some of the proposed revisions that we are proposing here today, I would like to just briefly, in less than a minute or so, give you an overview of the Hispanic community and exactly what we are talking about.

Currently, it is our feeling that, relative to what is happening to the economy in this country, the Hispanic community is in a status of massive economic deprivation.

First of all, unemployment among Hispanics is 13 percent. I realize that is more than the national average today and also realize that that is 2 million people without a job, and who want to work.

Second, unemployment among Hispanic teenagers is 25 percent. This is of particular significance when you realize that inherent in the family structure of the Hispanic community is the need for 12- and 13-year-olds to provide some sort of financial assistance in order to help the family survive. It is not that these people enjoy the luxuries that some of the sections of our society enjoy in terms of a child being able work at the age of 12 or 13 for his benefit. That is not the case.

In terms of the Hispanic communities, these youngsters work, as I did when I was 12 or 13 years old, to contribute to the overall economic well-being of the family.

According to U.S. Government standards, one-third of all Hispanic families live in poverty. Lastly, just that the median income level for Hispanics is $6,000 below the national average.

Now, in the early 1970's, the Congress——

Senator CHAFEE. $6,000 below the national average?

Mr. ROMO. Yes, sir, below the median average.

Senator CHAFEE. That is awfully low.

Mr. ROMO. It is less than $4,000 for our community. That is according to, also, by the way, 1970 figures, which is certainly outdated at this point, but we are not qualified to cite the other figures, other than that. That is a 1970 figure.

Senator RIEGLE. And it could well be worse?

Mr. ROMO. It is worse, Senator. And that is the second point that I want to make in terms of where our community is,

Looking beyond those figures, the situation is probably much worse.

Realize that the Department of Labor has given economic statistics on Hispanics very little attention. Despite Public Law 93–311, proposed by El Congresso and whose passage was led by Congressman Roybal, our good friend on the House side, the Department of Labor has yet to comply with the provisions requiring monthly economic statistics on Hispanics.

So I am sure again if you look at books beyond those figures, it is much worse.

Senator RIEGLE. Let me just say to you I am going to send a letter to the Labor Department and see if we can get this data.

Mr. ROMO. We appreciate that.

We met with Ray Marshall and Sar Levitan, as he proceeded to revise the statute and the proposals as they exist today. That certainly would be helpful.

In terms of the legislation that is before us today, we feel that CETA legislation can be a tremendously effective mechanism by which to direct resources to these problems, and, in terms of specific recommendations, we wholeheartedly support the recommendations that Ricardo Zazveta will be making in terms of jobs for progress cooperation and entity. We feel that SER's jobs for progress has been one of the few programs that has offered our people an alternative to being on welfare and leaving the depreciated economic life. So we support those wholeheartedly.

In a general sense, I want to address three major issues.

I realize that current legislation mandates that CETA and the Department of Labor give emphasis to the economically disadvantaged and other target groups, such as the Hispanics. That is not what is happening today.

According to reports released late last year, two items come to mind:

One is that only 7.9 percent of all individuals served by CETA under Title II are Spanish Americans;

Second, only 48.3 percent of the persons in public service positions were considered economically disadvantaged; that is according to a GAO report released in 1977.

Senator CHAFEE. Now, you have heard the testimony from the mayors that they would not want 100 percent.

Mr. ROMO. We are a long way from that 100 percent.

Senator CHAFEE. I appreciate that. But your point is a good one. I do not know what is the right figure. Maybe it is 75 or something like that. The mayors have indicated to us that they will only go so far.

Senator RIEGLE. Let me just say, Senator Chafee, we really have mixed testimony on that. We had 2 days of hearings in Michigan, for example, and we had a number of mayors and I talked with a number of mayors in Michigan, and I would not want the mayor of New Orleans to misunderstand, as he has his views and he is entitled to them, but I have the feeling from the mayors that I have spoken with that if it were a question of having CETA employees as the structurally unemployed persons, that most mayors would, however reluctantly, would accept that. I do not know that anyone is proposing that it be 102.

But I think there are mixed feelings among the mayors.

Senator CHAFEE. Whatever it is, it ought to be above 40 percent.

Mr. ROMO. Yes, sir; we agree. On that point, we support the administration's proposal to strengthen the area to guarantee that that money is for disadvantaged groups; and I hope the committee sees fit to do the same. We welcome the administration's emphasis on the real poor and endorse their recommendations in this area.

The second issue we wish to raise is an objectionable feature of the proposed bill—is that it allows some supplementation of public service employees under title VI, but not under title II. There is no reason to create different wage structures for the two titles. Therefore, there is no legitimate reason for a salary differential between the two titles.

In this instance, we think it is equal pay for equal work which should prevail.

Third, the basic salary ceiling of $10,000 is too low. This is especially true because Congress is likely to pass a 4-year CETA extension, which would freeze that ceiling through September 30, 1982. The $10,000 limit on CETA public service employee wages has been in effect since December, 1973, when CETA was first enacted. We feel that it should be increased to at least $12,000.

A fourth area of concern is the definition of "community-based organization." We feel that there should be some modification, to the extent possible, to allow for neighborhood-based CBO's whose primary mission is to act as advocates for the poor, who constitute the CETA target population. The definition should be further modified to include independent, neighborhood-based CBO's.

Last, Mr. Chairman, and Senator Chafee, we have a major concern about the legislation that is being proposed by the administration as it relates to the farm workers in this country.

I wish to address two points, because I know that Salvador Herrera will be speaking on behalf of the National Association of Farm Workers.

The two major points we raised: one, the Administration seeks to eliminate the farmworker programs by terminating section 303(a)(2), providing for national administration. The result is local and regional administration. Now, those of you who were involved in the debate when this legislation was enacted will recall that there was an immense amount of documentation of hostility and indifference on the local level and we feel that if you were to adopt that provision and terminate administration on the national level, it would be like turning the clock back in terms of the commitments that that Congress has made, in previous times, toward dealing with the farmworker problem; and we also see it as turning back the national priority that we have given this issue and certainly that this committee has given that issue.

The second area in terms of farmworkers' proposals, or section of the bill, is that area which—the proposal which seeks to emphasize moving farmworkers out of farmwork by training in skilled programs. I think the people that wish to remain in that position should remain in those positions but, more importantly, as we emphasize, moving the people out of work, farmwork, we emphasized food programs of that sort for the people who are going to be there anyway.

I will now close and hope that this committee, as you have indicated throughout the morning, is willing to consider some of these recommendations, be they creative or be they just perfected in strengthening provisions.

[The prepared statement of Mr. Romo follows:]

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STATEMENT OF

A. MIGUEL ROMO

EXECUTIVE DIRECTOR

NATIONAL CONGRESS OF HISPANIC AMERICAN CITIZENS

(EL CONGRESO)

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT

UNITED STATES SENATE

MARCH 10,1978

WASHINGTON, D.C.

A Citizen's lobby for the Spanish speaking ... at our Nation's Capital.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

MY NAME IS MIGUEL ROMO AND I AM EXECUTIVE DIRECTOR OF THE NATIONAL CONGRESS OF HISPANIC AMERICAN CITIZENS LOCATED HERE IN WASHINGTON, D.C. WE APPRECIATE THE KIND ASSISTANCE AFFORDED BY THE COMMITTEE AND ITS STAFF IN ARRANGING FOR OUR TESTIMONY THIS MORNING.

ONE OF OUR MAJOR CONCERNS HAS ALWAYS BEEN ECONOMIC JUSTICE FOR ALL HISPANICS IN THE UNITED STATES. FOR THIS REASON, WE HAVE BEEN CLOSELY FOLLOWING THE DEVELOPMENT OF PENDING LEGISLATION SUCH AS THE RE-AUTHORIZATION OF THE COMPREHENSIVE EMPLOYMENT TRAINING ACT.

BEFORE DIRECTLY ADDRESSING SOME OF THE PROPOSED REVISIONS OF CETA NOW PENDING BEFORE THIS COMMITTEE, PLEASE CONSIDER A BRIEF ANALYSIS OF THE ECONOMIC STATUS OF THIS NATION'S 16 MILLION HISPANICS.

THE HISPANIC COMMUNITY IN THIS COUNTRY IS IN A STATUS OF MASSIVE ECONOMIC DEPRIVATION.
CONSIDER THAT:

1. UNEMPLOYMENT AMONG HISPANICS IS 13%, MORE THAN TWICE THE NATIONAL AVERAGE. THAT'S MORE THAN 2 MILLION PEOPLE WITHOUT A JOB

WHO WANT TO WORK.

2. UNEMPLOYMENT AMONG HISPANIC TEENAGERS IS 25%. THIS IS OF PARTICULAR SIGNIFICANCE IF YOU UNDERSTAND THAT IN MOST HISPANIC FAMILIES, IT IS COMMON FOR OVER-12 AND 13-YEAR OLD CHILDREN TO WORK OUT OF NECESSITY, IN ORDER TO HELP THE FAMILY SURVIVE.

3. ONE THIRD OF ALL HISPANIC FAMILIES LIVE IN POVERTY, ACCORDING TO U.S. GOVERNMENT STANDARDS.

4. THE MEDIAN INCOME LEVEL FOR HISPANICS IS $6,000 BELOW THE NATIONAL AVERAGE.

LOOKING BEYOND THESE FIGURES, THE SITUATION IS PROBABLY MUCH WORSE. REALIZE THAT THE DEPARTMENT OF LABOR HAS GIVEN ECONOMIC STATISTICS ON HISPANICS VERY LITTLE ATTENTION. DESPITE PUBLIC LAW 93-311, PROPOSED BY EL CONGRESO AND WHOSE PASSAGE WAS LEAD BY CONGRESSMAN ROYBAL, DOL HAS YET TO COMPLY WITH THE PROVISIONS REQUIRING MONTHLY ECONOMIC STATISTICS ON HISPANICS.

THE ECONOMICS DESCRIBED TO YOU ABOVE HAVE PREVAILED FOR SOME TIME. BEFORE AND AFTER THE DOUBLE DIGIT INFLATION AND UNEMPLOYMENT OF THE EARLY 1970'S, THIS SAME SITUATION EXISTED AND CONTINUES AMONG HISPANICS.

THIS SITUATION PROMISES TO GROW WORSE AS THE POPULATION CONTINUES TO GROW. ACCORDING TO THE U.S. CENSUS BUREAU HISPANICS ARE THE FASTEST GROWING ETHNIC MINORITY AND WILL BE THE LARGEST ETHNIC MINORITY WITHIN FIVE YEARS.

IN TERMS OF THE PENDING LEGISLATION, CETA CAN BE AN EFFECTIVE MECHANISM BY WHICH TO DIRECT RESOURCES TO THIS PROBLEM. CONSIDER THAT SER-JOBS FOR PROGRESS FUNDED BY THIS LEGISLATION HAS BEEN A TREMENDOUS SUCCESS AND OFFERS HOPE TO MANY OF OUR UNEMPLOYED AND UNDER-EMPLOYED PEOPLE. ADOPTION OF SER'S PROPOSED RECOMMENDATIONS, WOULD CARRY THE PROGRAM EVEN FURTHER.

SEVERAL OF THE PROPOSED REVISIONS BEFORE THIS COMMITTEE ARE OF PARTICULAR CONCERN:

1) THE CURRENT LEGISLATION MANDATES THAT DOL GIVE PRIORITY TO THE"ECONOMICALLY DISADVANTAGED AND OTHER TARGET GROUPS SUCH AS HISPANICS. THIS IS NOT HAPPENING TODAY. ACCORDING TO GOVERNMENT REPORTS IN 1977,

   -- ONLY 7.9% OF INDIVIDUALS SERVICES UNDER TITLE II ARE SPANISH AMERICANS.

   -- ONLY 48.3% OF THE PERSONS IN PSE POSITIONS WERE CONSIDERED ECONOMICALLY DISADVANTAGED.

   WE WELCOME THE ADMINISTRATION'S EMPHASIS ON THE REAL POOR AND ENDORSE THEIR RECOMMENDATIONS IN THIS AREA.

2) AN OBJECTIONABLE FEATURE OF THE PROPOSED BILL IS THAN IT ALLOWS SOME SUPPLEMENTATION OF PSE UNDER TITLE VI, BUT NOT UNDER TITLE II. THERE IS NO REASON TO CREATE DIFFERENT WAGE STRUCTURES FOR THE TWO TITLES. THEREFORE, THERE IS NO LEGITIMATE REASON FOR A SALARY DIFFERENTIAL BETWEEN THE TWO TITLES. THE PRINCIPLE OF EQUAL PAY FOR EQUAL WORK MUST PREVAIL.

3) THE BASIC SALARY CEILING OF $10,000 IS TOO LOW. THIS IS ESPECIALLY TRUE BECAUSE CONGRESS IS LIKELY TO PASS A FOUR-YEAR CETA EXTENSION, WHICH WOULD FREEZE THAT CEILING THROUGH SEPTEMBER 30, 1982. THE $10,000 LIMIT ON CETA PSE WAGES HAS BEEN IN EFFECT SINCE DECEMBER 1973, WHEN CETA WAS FIRST ENACTED. SINCE THEN, INFLATION, SOMETIMES AT AT DOUBLE-DIGIT LEVELS. HAS ERODED THAT SALARY. THE SALARY CEILING FOR ALL PSE POSITIONS, REGARDLESS OF WHETHER THEY ARE SUPPORTED WITH TITLE II OR TITLE VI FUNDS, SHOULD BE INCREASED TO AT LEAST $12,000 FOR FISCAL 1979; AND SUPPLEMENTATION PROVISIONS SHOULD BE UNIFORM FOR BOTH TITLES. IN ADDITION, THE LAW SHOULD CONTAIN AN INDEXING MECHANISM TO TAKE INTO ACCOUNT INCREASES IN THE COST OF LIVING AFTER FISCAL 1979. NUMEROUS OTHER FEDERAL INCOME SUPPORT AND BENEFIT PROGRAMS CONTAIN SUCH A CLAUSE.

4) THE DEFINITION OF "COMMUNITY BASED ORGANIZATION" SHOULD BE ENHANCED. MODIFIED SOMEWHAT FROM THE DEFINITION IN CURRENT LAW, IT STILL DOES NOT EXPLICITLY INCLUDE INDEPENDENT, NEIGHBORHOOD BASED CBO'S WHOSE PRIMARY MISSION IS TO ACT AS ADVOCATES FOR THE POOR, WHO CONSTITUTE THE CETA TARGET POPULATION. THE DEFINITION SHOULD BE FURTHER MODIFIED TO INCLUDE INDEPENDENT, NEIGHBORHOOD BASED CBO'S.

OF MAJOR CONCERN IS SOME OF THE PROPOSED REVISIONS TO SECTION 303, DIRECTED TO FARMWORKERS. THE LEGISLATION PROPOSES TO ELIMINATE SECTION 303(a)(2) PROVIDING FOR NATIONAL ADMINISTRATION. THE RESULT IS LOCAL AND REGIONAL ADMINISTRATION. THIS AMOUNTS TO NO LESS THAN THE "KISS OF DEATH" TO MANY OF THE PROGRAMS IN AREAS WHERE LOCALS ARE INDIFFERENT AND HOSTILE TO THE FARMWORKER. WE URGE THAT KEEP SECTION 303(a)(2).

SECONDLY, THE LEGISLATION PROPOSES TO SHIFT EMPHASIS FROM PERSONS REMAINING IN FARMWORK BY EMPHASIZING THAT INDIVIDUALS MOVE OUT OF FARMWORK. SUCH A PROVISION WILL SEVERELY HAMPER BADLY NEEDED SERVICES IN THE AREAS OF CHILD AND HEALTH CARE.

WHEN THIS COMMITTEE ADDED THIS SECTION TO THE LEGISLATION THE FIRST TIME,IT HEARD THE DOCUMENTATION OF THE MISERABLE PROBLEMS ENCOUNTERED BY FARMWORKERS. LET'S NOT TURN BACK THE CLOCK ON HELPING THESE PEOPLE

MR. CHAIRMAN, MEMBERS OF THE COMMITEE, I APPRECIATE YOUR SINCERE INTEREST ON THE ISSUES WE HAVE RAISED. I HOPE THAT YOU GIVE THESE AND THE RECOMMENDATIONS OF SER-JOBS FOR PROGRESS AND NAFO YOUR SERIOUS CONSIDERATION IN ORDER TO EFFECTIVELY DEAL WITH THE ECONOMIC PLIGHT THIS NATION'S HISPANIC AMERICANS.

THANK YOU.

Mr. ROMO. I now want to yield to my good friend from the SER program.

Senator RIEGLE. Before we hear from him, let me make two points.

First, I think you make a very strong set of points. I found from my own experience that the SER program is the best around. We had the director of the Detroit program appear before our committee hearings in Michigan and the testimony was very strong and, as you say, we have had very good experience ourselves. Judy Reyes, on my staff, is a SER graduate, so I have had the opportunity to see the work product in the first hand.

With respect to the data that you have presented here on page 3 of your presentation, the figure that you cite, 7.9 percent of services under title II are Spanish Americans, we have in a document given to us by the administration, their analysis dated February 6, 1978.

It says, under a category called "Spanish American,"—this is an estimate that I assume they base it on something—and then they have a second category called "Limited English-Speaking Ability," which could be anyone who has a difficulty in using English; and, then, finally, "Migrants or Seasonal Farm Workers," which I assume again would have a more Spanish-speaking component.

Under the Spanish-American estimate they are showing for title II, a figure of 13.5 percent and title I, they are showing a figure of 13.7 and, in title VI, they are showing a figure of 12 percent, and then dropping down to the migrant or seasonal workers, which would be an additional component they are showing again for title I, a figure of 1.5 percent; for title II, a figure of 10 percent, and for title VI, a figure of 1.3 percent. You probably ought to spend some time talking with the staff here and see if we cannot reconcile those numbers in terms of whether they have an updated estimate that shows a better performance record or if there is a discrepancy between what they are giving us and what you feel the experience is. Then we ought to pin that down as well.

So I think we ought to—we ought to let it lay and pursue that.

Now, Mr. Zazueta, we would be pleased to hear from you.

Mr. ZAZUETA. Just to follow up on that particular problem, we have had several discussions with officials of the Bureau of Labor Statistics, and they inform us that they cannot break our Spanish-speaking or Spanish figures down as they do the blacks, on a monthly basis, but they are working on a system that they feel is too expensive to break our figures down and that is one of the problems that we are having also with the Census Bureau on our undercounts of 1970. We hope we do not get undercounted again in 1980.

Our population, as Mr. Romo mentioned, is one of the largest growing populations of this country. We have many, we feel, that the statistics show that we are going to be the largest minority by 1985 and still have the largest problems with people with—most in need of the statistics that Mr. Romo mentioned in education and jobs and so forth.

So with this, I would like to present a few points to add to Mr. Romo's testimony.

Senator RIEGLE. By the way, as I said before, we are going to make your full statement a part of the record, and so if you can hit the highlights, that would help us.

Mr. ZAZUETA. Right.

Thank you, Mr. Chairman.

We are particularly concerned with the performance of the public service employment programs. There is evidence to prove that this CETA project is not in the best interests of our community and not the country in general. Public jobs programs have failed to meet CETA goals of meeting the needs of the unemployed who are economically disadvantaged and of certain target groups. We have compared available government statistics on the participation of Hispanics in two CETA programs. We analyzed the public service employment program figures, title II and title VI, and the reports from the programs under title I as of September 30, 1977.

The percentages of Hispanics in each of these programs were 13.8 percent in title I; 8.2 percent in public service employment. The difference amounts to Hispanics being underserved by 68.3 percent in public service jobs, as compared to the title I program.

In comparing the overall effectiveness of the programs under title I and title II, we find that the overall placement for title I is 39 percent, compared to 18 percent for title II. The cost per participant under title I is $1,086, compared to $2,500 under title II.

The cost per placement under title I is $3,761, and almost $20,000 under title II.

Enrollment in a public service employment program offers limited chances at nonsubsidized employment. Statistics show that persons undergoing training programs have a greater chance at finding work.

Statistics from the September 30, 1977, quarterly report from the Department of Labor show that of the 20,069 Spanish Americans ending public service jobs, only 16.3 percent entered employment while, of 157,896 Spanish Americans terminating a title I program, 37.5 percent found employment.

The Comprehensive Employment and Training Act mandates the Department of Labor to give priority in its CETA services to specific groups in our population. It emphasizes the economically disadvantaged, and target groups such as individuals of Spanish origin. We are very proud, and I think very happy to have us be included in the CETA program as a program of demonstrated effectiveness.

Senator Cranston, Senator Nelson, Senator Javits, all worked very hard to include us as a community-based origin, but we still found that there were still a few gaps that were not covered under the law and one was the public service program.

Senator RIEGLE. Let me just say this to you and also to Mr. Romo that I am going to take that difference in the stated percentages that you had, versus what the administration has given us, plus the data that you have just given us, on page 3, which I think is very powerful data, and I am going to ask the committee staff to take that information and cross-check that with the records of the administration to find out if they are in rough agreement on the categorizations of the data, and so forth; because there are discrepancies that we have got to find some way to deal with.

So we will take an initiative within the committee and I will ask the committee staff to do that, to follow on today's session. We will have a chance to talk about that further.

Mr. ZAZUETA. Finally, I have a few general recommendations:

To insure that the structural unemployment needs of our country are met, we recommend:

First: That community-based organizations such as SER Jobs for Progress, Inc., be given special consideration as deliverers of services under all titles of CETA. The characteristics of such organizations which make it appropriate for them to receive special consideration are: CBO's are governed and staffed by individuals who reflect the demographic composition of the community they serve.

We know, understand, and can communicate with a lot of people, a lot of folks down there that are limited English-speaking people that are most in need.

CBO's have demonstrated time and time again their ability to deliver employment and training services with a high degree of quality, and at low cost.

Second: We also recommend that the participants eligibility for CETA programs be limited to the long-term unemployed and economically disadvantaged people of our country. We found that many of the poor were not being served because, primarily because they were getting more educated people in the programs, people that had more money and were whiter.

Third: That funds be specifically appropriated for groups who suffer from malfunctions in the competitive labor market, such as persons of limited English-speaking ability.

Fourth: That all employment and training advisory groups be required to have appropriate representation from the community they serve, and that the representatives be chosen by their own community. That was a problem throughout the Nation. We were excluded from many of the planning sessions, from starting on the ground floor, so to speak. We were given the plans after they were already developed and after we were already excluded, in many cases.

Senator RIEGLE. In other words, this is what is best for you?

Mr. ZAZUETA. Exactly. And we think we know what is best for us.

Last: Finally, we recommend that the Department of Labor and the U.S. Congress exercise their oversight responsibilities to insure that prime sponsors are complying adequately to the letter and intent of the Comprehensive Employment and Training Act, serving the most in need, poor people.

Again, Mr. Chairman, Senator Chafee, I am very happy to have presented our views and positions on this very, very critical jobs area.

[The prepared statement of Mr. Zazueta follows:]

SER'S POSITION

ON

THE PRESIDENT'S PROPOSED

REAUTHORIZATION OF C.E.T.A.

Submitted To:

The Honorable Gaylord Nelson
Chairman

Sub-Committe on Employment, Poverty and Migratory Labor

Committee on Human Resources

United States Senate

March, 1978

Submitted By:

SER-Jobs for Progress, Inc.

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Ricardo Zazueta
National Director

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Statement by Ricardo Zazueta

National Director

SER-Jobs for Progress

March 10, 1978

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you to present our comments on the President's Proposal for the Reauthorization of the Comprehensive Employment and Training Act of 1973.

In this statement I give you our overall view of the President's Proposal and some recommendations for your consideration. As an appendix to this statement, we add to the record additional written testimony containing more specific recommendations.

OVERALL VIEW OF THE PRESIDENT'S PROPOSAL

As early as the 1930's, the federal government had to recognize that the exclusive reliance on a self-regulatory economic system to keep human resources fully employed could not be depended on.

According to the National Commission for Manpower Policy, "that was the lesson of the depression of the 1930's. The moral was the enlargement of the role of the federal government in economic decision-making ".

The time is here again for the federal government to play its role in the socio-economic system of our country. Its responsibility in the training of human resources, particularly training for the hard-core unemployed millions who seek jobs, is up for review.

We are encouraged by the President's decision to request a re-authorization of CETA. The program has the potential to make a difference in the lives of the millions of Americans who seek a chance at decent employment.

We are also encouraged by the President's assessment that modifications in the Act are necessary. These modifications should get the services offered by CETA closer to the real intent of Congress when it passed the original legislation.

STRUCTURAL VS. COUNTERCYCLICAL PURPOSES OF CETA

While recognizing an occasional need for "countercyclical" programs, we propose that CETA give priority to the "structural" unemployment needs of our country.

We are concerned with the performance of Public Service Employment programs. There is evidence to prove that this CETA project is not in the best interest of our community, not of the country, in general. Public jobs programs have failed to meet CETA's goal of meeting the needs of the unemployed who are economically disadvantaged and of certain "target" groups.

We have compared available government statistics on the participation of Hispanics in two (2) CETA programs. We analyzed the public service employ-

ment figures (Title II and Title VI) and the reports from the programs under Title I. As of 9-30-77, the percentages of Hispanics in each of these programs were: 13.8% in Title I; 8.2% in Public Service Employment. The difference amounts to Hispanics being underserved by 68.3% in public service jobs, as compared to Title I programs. In comparing the overall effectiveness of the programs under Title I and Title II, we find that:

- The overall placement for Title I is 39% compared to less that 18% for Title II.
- The cost per participant under Title I is $1,086.00 compared to $2,500.00 under Title II.
- The cost per placement under Title I is $3,761.00 and almost $20,000.00 under Title II.

Enrollment in a Public Service Employment program offers limited chances at non-subsiduzed (future) employment. Statistics show that persons undergoing training programs (under Title I) have a greater chance at finding work. Statistics from the 9-30-77 "Quarterly Report" from the Department of Labor show that:

- Of the 20,069 Spanish Americans ending public service jobs, only 16.3% entered employment, while
- Of the 157,896 Spanish Americans terminating a Title I program, 37.5% found employment.

The Comprehensive Employment and Training Act mandates the Department of Labor to give priority in its (CETA) services to specific groups in our population. It emphasizes the "economically disadvantaged", and "target" groups such as individuals of Spanish origin.

As a part of CETA, Public Service Employment programs are to operated under this same mandate. However, government reports on Title II, as of 9-30-77, show that public service jobs programs are not following the law, in terms of serving the hard-core unemployed.

- Only 22.3% of those in public service jobs have less than 11 years of education (This compares with 77.7% who have a High School diploma or higher education).
- Only 48.3% of those holding Public Service Employment positions are "economically disadvantaged", compared to 78% under Title I.
- Only 20.4% are below 21 years of age. 64.3% are between 22 and 44 years old (the easier ages to place).
- Only 7.9% are Spanish-Americans.
- Only 2.1% of those served under Title II have limited English speaking ability, compared to 5.3% served under Title I.
- Only 6.2% of those served under Title II were receiving "Aid for Dependent Children", compared to 16.0% served under Title I.
- Only 7.5% of those served under Title II were receiving other types of public assistance, while 10.5% under Title I were receiving such assistance.

A report published recently by the U.S. Government Accounting Office, found "CETA public jobs programs (to) have had little impact on unemployment". These programs have also helped "few people find permanent jobs.....". Additionally, the report shows that "more qualified applicants..... rather than (the) most needy" were being hired into Public Service Employment positions.

Many violations of the "maintenance of effort" provision in the program's

regulations have been reported recently. City governments have illegally hired individuals not qualified under CETA guidelines. I remind you of a couple of the more outstanding cases:

1) In Chicago, The Department of Labor (DOL), discovered that this city had illegally used Federal Funds for political hiring. The Secretary of Labor, Ray Marshall, stated that there were similar claims made in Atlanta; Gary, Indiana; and New York City. Because of this violation, Chicago agreed to return, $965,460.00 for hiring 435 workers illegally (This was reported by the L. A. Times on August 31, 1977). In addition, Chicago placed 43 workers from Title VI to Title II in order to comply with a Federal Directive to facilitate Title II hiring. When Title II funds were running low, the same workers were sent back to Title VI. After this transfer, both titles claimed quarterly credit for 43 other positive terminations.
(ETR,4/1977)

2) In Boston, the GAO reported that the city made widespread use of CETA workers to fill regular city jobs. This allowed the city to continue public services without having to use local revenues. Boston filled 16 regular city jobs in 4 different departments. These departments were vacant from December, 1974 through April, 1975. However, they were filled with 56 CETA workers. In addition, Boston used CETA workers to "eliminate service contracts" with private business, by placing workers in its public facilities department. In Hampden Massachusetts, the GAO discovered that the Hampden consortium did not fill vacancies that occured through attrition, but used CETA workers that were available. In Springfield, Mass., the superintendent of Public Parks, used CETA workers to fill 24 regular jobs that were

vacant since September, 1974.
(ETR, 4/1977)

Information of this nature makes it difficult to justify federal government priority on public service jobs.

SPECIAL TARGET GROUPS

One of the responsibilities of the federal government is to assure that the nation's human resources are fully utilized. A vehicle available to the government to exercise this awesome responsibility is the "targeting" of CETA funds to those "most in need of services".

Section 301 (a) of CETA, states that the Secretary of Labor shall provide "services to segments of the population that are in particular need of such services including youth, persons of limited English speaking ability, and older workers, as well as well as other persons who the Secretary determines to have particular disadvantages in the labor market".

SER-Jobs for Progress, Inc., supports the position that a greater amount of CETA resources be targeted to "special groups". We include in the category of "special groups", members of "minority" populations, persons of limited English-speaking ability, youth, and others who are adversely affected by malfunctions in the competitive labor market.

We also recommend that the "targeted" funds be specifically appropriated by Congress. We further recommend that the Secretary of Labor authorize additional discretionary programs when the "targeted" resources are failing to meet the needs of the "special groups", and that:

1) In selecting special groups for CETA, the overriding concern be with serving those most in need of services.

2) If additional "target groups" are designated by the Congress or the Secretary, a specific appropriation must accompany such designation.

3) A separate Title of CETA be established to serve various "target groups" of longstanding need. This section will focus government effort on specific groups who have particular employment barriers, it will also allow Congress to reconsider the need for such appropriations each year. These programs must be administered at the national level.

GENERAL RECOMMENDATIONS

To insure that the "structural unemployment" needs of our country are met, we recommend:

1) That Community Based Organizations, such as SER-Jobs for Progress, Inc., be given "special consideration" as deliverers of services under all titles of CETA. The characteristics of such organizations which make it appropriate for them to receive "special consideration" are:

. C.B.O.'s are governed and staffed by individuals who reflect the demographic composition of the community they serve;

. C.B.O.'s have demonstrated time-and-time again, their ability to deliver employment and training services with a high degree of quality, and at low cost.

2) We also recommend that the participant eligibility for CETA programs be limited to the long-term unemployed and economically disadvantaged people of our country.

3) That funds be specifically appropriated for groups who suffer from malfunctions in the competitive labor market, such as persons of limited English speaking ability.

4) That all employment and training advisory groups be required to have appropriate representation from the community they serve, and that the representatives be chosen by their own community.

5) Finally, we recommend that the Department of Labor and the U. S. Congress exercise their "oversight responsibilities" to insure that Prime Sponsors are complying adequately to the letter and intent of the Comprehensive Employment and Training Act.

Again, Mr. Chairman and Members of the Subcommittee, thank you for the opportunity afforded SER-Jobs for Progress to have its voice heard before this distinguished audience.

APPENDIX

RECOMMENDED CHANGES AND ADDITIONS

1) Additional language is needed in Section No. 101 designating major nation-wide community-based organizations as "prime sponsors". Such language would contribute to the erradication of a system of "presumptive deliverers of service" which has resulted in CETA remaining a "categorical" program.

2) Sections No. 103 and No. 104 should be expanded with the following language:

> Programs receiving assistance under this Act shall give special consideration to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the National Urban League, Opportunities Industrialization Centers, SER-Jobs for Progress, Inc., Mainstream, Community Action Agencies, Labor-Union-related organizations, employer-related-non-profit organizations, and similar organizations.

3) Section No. 108 should include an additional sub-section requiring that the Secretary make public all decisions regarding the reallocation of CETA funds. All re-allocation decisions should be announced in local newspapers, "minority" publications, and other media,

at least thirty (30) days prior to the actual re-allocation.

4) The language in Section No. 109 should specify that CETA client representatives participate on the prime sponsors planning councils.

5) The language in Section No. 110 should also specify that CETA client representatives participate on the State Employment and Training Councils. Additionally, this section should state that "appropriate rural representation" is required.

6) The implementation of Affirmative Action plans should be added to Section No. 133 regarding Non-Descrimination. Special action by the Secretary should be made required to correct descriminatory practices against any individual or groups whose participation in CETA has been denied on the basis of race, color, sex, political affiliation or national origin.

7) The formula in Section No. 202 (B) and (C) weights unemployment rather than poverty status. We recommend that the formula be either (a) made consistent with the "economically disadvantaged" eligibility criteria, or (b) placed in the regulations subject to modification when more data is available to arrive at a more consistent formula.

8) The provisions for Job Search Assistance in Section No. 205 should be expanded to allow contractors, <u>other</u> than the State Employment Securities Agency to operate the Job Search component.

9) The 1973 Act states that Title I services "include but are not limited to the following services...". This language needs to be incorporated in Section No. 211 to allow for innovative strategies to serve the economically disadvantaged groups of our society.

10) In reference to Section No. 212 C(1), we recommend that the limitation for Title II and Title VI salary levels be the same. The difference proposed by ETA staff sets up a system of "second class" public service jobs for the structurally unemployed and the economically disadvantaged. The same objection is made in regard to sub-section number C(2). This sub-section prevents Title II participants from receiving additional income while Title VI clients have no such restrictions.

11) In section No. 221, specific eligibility requirements should be included in order to participate in the upgrading and re-training program.

12) Section No. 301 should be re-written to specify that the Secretary "shall provide services...", rather than "...is authorized to..."

13) We are especially concerned that the language in Section No. 304 be strengthened to mandate the Secretary to provide services to persons of limited English-speaking ability. We propose, therefore, that the first part of this section read as follows:

"Section 304. The Secretary shall, with respect to programs and services assisted under this Act, provide services designed to meet employment-related needs experienced by persons with limited English-speaking ability..." In addition, we propose that the Secretary request from the Labor, HEW Appropriations Sub-Committee,

a specific appropriation for this sub-section.

14) Community Based Organizations should be added to the list in Section No. 305 as contractors for job search and relocation assistance programs.

15) A new sub-section, under Section No. 402, should be added as follows:

Special Consideration Provision

"In carrying our the provisions of the Youth Program, special consideration must be given to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the National Urban League, Opportunities Industrialization Centers, SER-Jobs for Progress, Inc., Mainstream, Community Action agencies, Labor Union-related organizations, employer-related non-profit organization, and similar organzations".

16) The words "culturally deprived" in Section No. 452, sub-section number 2, should be substituted with "economically disadvantaged".

17) Additional language in Section No. 453 should make it possible for community-based organizations to provide recruitment and screening services.

18) Community Based Organizations should be added to the list of agencies in Section No. 456 (a), as operators of Job Corps Centers.

19) Section No. 457 should contain a fourth sub-section (d) requiring "Bilingual-Multicultural" educational and vocational-related activities in centers organized to meet the special needs of persons of limited English-speaking ability. In addition, the Secretary should be required to provide for the opening of such "Bilingual-Multicultural" Job Corps in areas of the country in which a significant proportion of the population has limited English-speaking ability.

20) In addition to motivating community participation in Job Corps programs, the Secretary should be mandated (in Section No. 460) to require the active participation of the families of the enrollees in the Center's activities.

21) The evaluative process described in Section No. 462 should make it clear that a representative sample of operators of Job Corps Centers should include community-based organizations.

22) Section No. 466 should be expanded to require the Secretary to take immediate steps to achieve "parity of services" for economically disadvantaged women, persons of limited English-speaking ability, and all other groups known to be under-represented in the Job Corps program.

23) A new sub-section (c) should be added to Section No. 480 giving special consideration to community-based organizatios as operators of Summer Youth programs.

24) The formula in Section No. 482 2(a) should be made to be consistent with the "economically disadvantaged" eligibility criteria. Should this not be possible at the present, the formula should be removed from the statute and placed in a Department of Labor regulation until more data is available to arrive at a more consistent formula.

25) A new sub-section needs to be added to Section No. 610 requiring the Secretary to implement the Public Servie Employment program via the use of public service jobs in specific projects. In implementing this project approach, the Secretary should give special consideration to organizations of demonstrated effectiveness in the delivery of employment and training services. At least 50% of the available Public Service Employment resources should be directed to such agencies. In addition, the Secretary should mandate that project operators be allowed to receive an appropriate level of administrative funds.

26) To ensure the effective operation of the local industry jobs council, specified in Section No. 702 (a), the Secretary should require the involvement of community-based organizations on this council. Experience has proven that the combined efforts of industry, community-based organizations, and government bring about the best results in reducing unemployment among the "hard-core" unemployed.

27) A new sub-section (e) should be added to Section No. 808 targeting 50% of the available positions in the Young Adult Conservation Corps for economically disadvantaged youth.

Senator RIEGLE. Well, let me just say that I appreciate your testimony, both of your testimonies, very much, and the fact that you have given us some important information to work with.

I just want to say before we finish with you that I think your point about community-based organizations being the key link to certain groups, and I think Spanish-speaking people in this country are the most significant group, I think it also is true for racial minorities as well. But I think that the language problem, along with the other discriminatory aspects of life that we have experienced in this country for a long time, mean that if we are going to get this job done effectively, you really have to have community-based organizations made up of the people who come from the sector of the community that you are trying to target in.

I think the most powerful case for that exists with Spanish-speaking people. That has been my observation. And I appreciate the point that you made earlier about the fact that SER's have been targeted, is a target group for this kind of activity.

I just want to say that you have one, among other members of this committee, who supports that point of view; and we are working to see that that is reflected in the final version of this bill; and the sooner that we have a SER operation in Flint, the better.

Senator Chafee?

Senator CHAFEE. Mr. Zazueta, I would like to verbally propound two questions to you from Senator Tower, who is extremely interested in the SER certification; and I would just read them and then if you can just answer them for the record.

The first one is:

The SER's project in Texas and other States have successfully established mutually beneficial linkages with the business community through an effort known as Amigos for SER's.

If CETA funds available to SER's for extensive development of the Amigos for SER's concept, what would be the maximum new-job potential in the private sector?

I will give you this.

Two: Can you describe how SER's could constructively use expanded funding under SER's to Hispanic Americans and other disadvantaged persons?

If you had more money, how could you do a better job?

I will hand these to you, and if you could submit these to the record and for the record—I think if you would send a copy to Senator Tower, he would be very appreciative.

Mr. ZAZUETA. I will be glad to.

Senator RIEGLE. Thank you both very much. We appreciate your testimony today.

[The information referred to follows:]

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March 23, 1978

Mr. James W. Powell
Staff Editor
Senate Committee
on Human Resources
Room 4230
Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Powell:

Enclosed you will find the answers to the questions from the testimony on CETA Reauthorization, dated March 10, 1978.

Question No. 1 reads:

The SER's project in Texas and other states have successfully established mutually beneficial linkages with the business community through an effort know as Amigos de SER.

If CETA funds were available to SER's for extensive development of the Amigos for SER's concept, what would be the maximum new-job potential in the private sector?

Answer reads:

SER-Jobs for Progress, Inc., is not only the largest employment and training network in the nation serving the Hispanic community, it also is involved in special projects designed to upgrade the socio-economic status of the Spanish speaking.

To achieve its goal, SER recognized a number of years ago that it would have to have the assistance and support of the private sector. A group of major corporations joined with SER to form a business advisory council called Amigos de SER.

Each company individually decides the nature of the support it can or will provide to SER. Nevertheless, certain kinds of assistance have become fairly well established as a matter of pratice. Regardless of the type of Amigos involvement the interaction with SER produces better trained and qualified employment candidates who will better serve on employer's needs.

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Perhaps the most important area of support from the Amigos de SER companies is manifested through an effective placement system implemented by a SER local project. At this point we have been able to reach only fifteen of the 102 local SER offices and have assisted them in establishing an Amigos de SER liaison between their programs and the private sector.

One of the most successful of these fifteen is the SER-Dallas project whose Amigos de SER have served as the catalyst in providing the program with specific employment training. The success of these concerted efforts between the Amigos de SER and SER-Dallas was evidenced in the areas: welfare savings and tax gains. In 1976, placements provided a savings of $1,075,680 in welfare payments, in turn, generating 5 million in tax gains for the city of Dallas. The percentage gain more than double in 1977 as Amigos de SER representatives cited a savings of 3 million in welfare expenditures, thus generating 9 million in tax gains for the Dallas economy.

The above figures are representative of only one local SER program having a group from major corporations as a supportive advisory council. Given the tremendous gains reported from 1976 and 1977, we can only begin to theorize the projected potential of a more expansive development of the Amigos de SER concept.

All in all, Amigos de SER provides the vehicle for a creative dialogue between two important segments of our society. It provides the opportunity for a partnership between the business world and a vast, untapped and emerging reservoir of talent, the Hispanic community.

Amigos de SER has already proven its far reaching influence in securing a significantly high job placement rate with the added implementation from CETA funds, the development of the Amigos de SER in conjunction with SER local projects as the immediate vehicles, the extent of success is boundless, the direct effect of securing employment for SER clients is limitless.

Question No. 2 reads:

Can you describe how SER's could constructively use expanded funding under SER's to Hispanic Americans and other disadvantaged persons? If you had more money, how could you do a better job?

Answer reads:

A. SER would expand its employability development programs for young people. We would work with teen-agers to provide them with the skills they will need to compete in the labor market. We contend that such a preventative approach would insure a lower unemployment rates among youth, in the future.

B. SER would expand its skills training programs to provide more professionalized vocations to our participants. We would have longer-term training programs which would "arm" our clients with higher skills with which to compete in the labor market for "non-traditional" jobs.

C. SER would expand its services to more towns and cities that have requested our assistance. We would be able to attend to the requests that continue to be made from all over the country.

D. SER would add services to those we currently provide our clients. We would offer our participants the many additional supportive services which are so important to the process of training people for gainful and respectable employment.

E. SER would expand its Management Information System to insure better monitoring and planning of our operations. We would be able to strive for better coordination of our efforts throughout the country.

F. SER would conduct research and evaluation projects. Additional information is needed on what methodologies are more successful in the work that we do. We also need to study the specific impact that we have had on the lives of the people we have served.

G. SER would expand its special programs for persons of limited English speaking ability. In this light, we request that you sponsor an amendment to the Comprehensive Employment and Training Act of 1978 insuring that funds be made available to provide meaningful services to this special groups.

We offer the following language for your consideration:

"The Secretary shall be required to carry-out either directly by way of contract, or other arrangement, innovative, experimental programs to further develop proven approaches in dealing with unemployment problems of economically disadvantaged persons with limited English speaking ability, so as to enable eligible participants to prepare for and secure unemployment opportunities through which they may reasonably be expected to advance to productive working lives.

In carrying-out or supporting such programs, the Secretary shall provide financial assistance in the amount of $5,000,000.00, to community-based organizations which have demonstrated ability to provide services to this group, such as SER-Jobs for Progress, Inc., and similar organizations."

We appreciate the opportunity afforded us to present these suggestions to you and look forward to your favorable consideration of them.

Sincerely,

Ricardo Zazueta
National Director

Senator RIEGLE. Now, we have a vote underway on the Senate floor. So what I am going to do is call our next witnesses.

Our next witnesses are Salvador Herrera, the executive director, United Migrants for Opportunities, accompanied by Jose Valdez, Chairman of the Board; and Tom Jones, national representative.

We are delighted to have you here.

I would like to have you begin; it is important that you summarize, to the extent that you can, so that we can get all the witnesses this morning.

Senator Chafee and I will each have to leave quite shortly. When we do, I think what I will have to do is just recess the committee here briefly until we can journey over to the floor and come back. But I would ask you to remain, and hopefully, it will be as brief a period as possible and we can move along.

Would you like to go ahead and begin your summary?

STATEMENT OF SALVADOR HERRERA, EXECUTIVE DIRECTOR, UNITED MIGRANTS FOR OPPORTUNITIES, GRAND LEDGE, MICH., ACCOMPANIED BY JOSE VALDEZ, CHAIRMAN OF THE BOARD OF NAFO; AND TOM JONES, NATIONAL REPRESENTATIVE OF NAFO

Mr. HERRERA. Mr. Chairman, and members of the subcommittee, thank you for the opportunity to present the views of the National Association of Farmworkers Organizations, NAFO, on the CETA reauthorization. I am Salvador Herrera, executive director of United Migrants for Opportunities, Inc., of NAFO.

I am accompanied by Jose A. Valdez, executive director of the Minnesota Migrant Council, and chairman of the board of directors of NAFO; and Tom Jones, national representative of NAFO.

NAFO is a national coalition of farmworker-operated, community-based organizations committed to advocacy for the protection of the civil and labor rights, and for the development of activities and programs, for the benefit of migrant and seasonal farmworkers and their organizations.

The new proposal moves away from national responsibility for farmworker programs by inserting new language in section 303(b)(2), which directs the Secretary of Labor to utilize the prime sponsors for carrying out employment and training activities under section 303. By stating that the Secretary "shall" utilize prime sponsors, although not exclusively, the reauthorization proposal creates a presumption that prime sponsors will operate farmworker programs directly.

Farmworker concerns should be the primary function of any program supported by section 303. Because of the special nature of farmworker life, prime sponsors are often ill equipped to deal with farmworker problems.

In fact, prime sponsors are often composed of State and local governments which have demonstrated an inability to administer farmworker programs. Any presumption in their favor in the 303 programs will seriously jeopardize the quality of CETA services and should be deleted from the legislation. CETA should continue to provide that farmworker programs be operated by those organizations best equipped to deal with farmworker problems.

I am skipping some pages so that we can go through.

Senator RIEGLE. I agree with you.

Speaking for myself and not the committee, I think the administration has made a mistake in this area. I think for the reasons you cite we have to maintain a national administrative effort in this area, and I for one am committed to making that change in the administration bill, and it is important that we have strong feelings to the effect that you have just given on the record and the reasons that you have given on the record.

Now, the second bells have just rung on the Senate floor and we must go, literally right now, to insure that we are there in time to vote. We should be back, and I will be back within a matter of 10 minutes.

So the committee stands in recess for approximately 10 minutes. Please make your concluding remarks, if you would, and I would ask the other witnesses likewise that will be testifying after you do to also be ready to make their summary comments so that we can make sure that everyone gets an opportunity to have their comments put on the record this morning.

So the committee stands in recess for approximately 10 minutes.

[Brief recess.]

Senator RIEGLE. Let me ask those of you who are in the room to find seats so that we can resume.

We are under a time deadline today because of the rules of the Senate; and we still have, other than the gentlemen at the table, five other witnesses to hear from; and we are going to have to stretch the time a little bit today, but are not going to be able to stretch it very far.

I am going to have to make some arbitrary time assignments once this panel is finished. But I gather that you had a final summary comment that you wanted to make, and now would be the time to do that.

Mr. HERRERA. Because 303 programs are the only ones which effectively reach the farmworker population's employment and training problems, steps should be taken to assure that 303 programs provide the full range of available CETA services, whenever those services are appropriate to farmworker needs.

Youth employment funds in particular should be increased. Farmworker youth have particularly severe educational disadvantages and the farmworker youth population is disproportionately high because farmworker families tend to be large. A youth program set-aside equivalent to the adult program level of 5 percent would be reasonable.

In conclusion, section 303 of the new CETA law should be structured so that its priority is on upgrading the status of working underemployed farmworkers by supporting efforts which are geared to maintaining adequate lifestyles and the well-being of these workers.

With an emphasis on the farmworker who is remaining in agricultural life, section 303 programs could provide the full range of services necessary to upgrade that occupation, specifically:

Educational and training programs should be developed to educate farmworkers on their legal rights and protections, including Federal statutes on housing and field sanitation, OSHA; crew leader recruitment, FLCRA; minimum-wage and child-labor laws, FLSA; employment services, and the interests clearance system, Wagner-Peyser as well as local and State protective laws;

Supportive services such as child care, transportation, and health care must be maintained to provide the best access to jobs. These support services should be available to all farmworkers, not merely those involved in training;

CETA could foster activities that aim toward economic development, such as cooperatives and small farms. Such activities would give farmworkers the options of becoming owners, producers, and suppliers. Economic development projects can be used to provide services and goods to farmworker consumers as well as to develop equity and job skills for the farmworker producers;

CETA could be used to develop training programs in nontraditional agricultural methods. Such training provides alternatives for the farmworker faced with mechanization and helps foster agricultural work as a worthwhile and meaningful occupation with career development possibilities; and

Finally, section 303 should provide for farmworker input in all phases of decisionmaking. Farmworker input in program development and planning will assure that section 303 programs are operated most effectively.

Senator RIEGLE. Thank you.

Mr. JONES. I would like to amplify one portion of Mr. Herrera's statement.

The development of the CETA program and its history speaks to Congress' wisdom which decided that CETA was to approach the farmworkers' problems in two directions. One part was to obtain employment outside of farm work. A very key factor that has been lost, though, is that we must continue to enhance the farmworker's life through CETA and other Federal efforts.

What has happened through regulatory restrictions over the last 4 years is that the full mission of CETA as stated by Congress has been deleted. In 1978 what we are telling farmworkers is that CETA is only good for you if you will get out of farm work. Under CETA as restructured in regulation, we no longer have the responsibility to enhance the life of farm work. We think that is incorrect. We think that is opposed to Congress' wishes, and we need the attention of the Congress on that very important matter, so that not only can we get viable jobs for farmworkers, but so that we can begin to look at the quality of life and enhance the standards of workers who choose to remain in farm work, either because of the bad unemployment situation already explained at the table—but it makes no sense in this country to displace thousands of workers and put them into an already-weak economy.

We can enhance that quality of life for farmworkers and we think Congress foresaw attacking that problem with the creation of CETA. This new legislation eliminates the opportunity to enhance the quality of life of farmworkers in agriculture.

Senator RIEGLE. I appreciate that point and I am sympathetic to it.

Mr. Hererra, I am very pleased to have you from Michigan today and you have been a good witness and I thank you for that.

Now, let me just briefly indicate, that in light of the time limitation and rule, what I am going to try to do here, with the five remaining witnesses.

I am going to ask each witness, if they would, to make a 5-minute presentation, summary presentation. We will make your full statements a part of the record.

Senator Chafee and I will endeavor to put whatever questions that we have to you in writing so that you can respond to it on the record, because we are up against the Senate rule, and we have got to try to move it in as best we can.

Yet, I want to accommodate the witnesses. So at this time, would Kim Herman come forward, Mr. Kim Herman; and if you would just, to restate—because I am going to have to ask everybody to do it so that everyone gets an opportunity here—if you could use a summary presentation in 5 minutes, and your statement will be made a part of the record. That would be very helpful.

STATEMENT OF KIM HERMAN, ASSOCIATE DIRECTOR, RURAL AMERICA, INCORPORATED, ACCOMPANIED BY KIRK KIMBALL, STAFF MEMBER, RURAL AMERICA, INC

Mr. HERMAN. Thank you, Senator. We will be more than happy to do that, so that the other witnesses can have an opportunity to do so also.

I have with me Kirk Kimball, who is on the staff of Rural America, Inc.

To summarize Rural America's position, we are a nonprofit membership organization that seeks to serve as a national voice on behalf of those who live in the small towns and rural areas of our country. We also operate and have operated, starting with OEO and now under CETA, a housing program, primarily for migrant workers.

First of all, we would like to touch on the question of the language that you have already discussed which would eliminate national administration of the farmworker programs. We are against that move—and I would remind the Senate that it was Senator Mondale, if I am informed correctly, who originally insisted that language be put in the MDTA Act. Mr. Mondale put in the national administration of the farmworker program following testimony from a county commissioner in Florida who said that "Migrant workers are not our people, they are Federal people." Senator Mondale's response was to insist that if that was the attitude, then the Federal Government would take care of these "Federal people." We think the Senate should continue to support Mondale's interest in national administration of farmworker programs.

Then, just briefly, the second item I would like to emphasize in our statement is the fact that the allocation formulas for the CETA fund do not give rural America a fair share of the funds, based on the need for employment through the CETA programs in rural America.

From the statement, 27 percent of the Nation's population lives in rural America; 41 percent of the poverty population lives in rural America; 29 percent of the employed labor force lives in rural America; and 11 percent of the CETA funds goes into rural America.

We would like to see a change in the allocation formulas which would give more money to rural areas, based on other criteria.

At the present time, very heavy weight is given to the previous year's funding which tends to perpetuate distribution of the money in an unfair manner.

We also support a discretionary fund for the Secretary. We would like to see "subemployment" substituted for "unemployment," as one of the factors in the allocation formula; and also would like to see, in place of a "low-income" factor, a "poverty" factor that would take into consideration family size.

All of these changes are further explained in our statement, and our recommendations would provide rural America a fair share of CETA funds. In closing, a short quotation from the late Senator Humphrey, when he spoke about the importance of directing CETA dollars into rural areas. He said:

> For the most part, CETA programs have done an excellent job of providing disadvantaged and unskilled workers with the work experience and new job skills they need to compete effectively in the jobs market. But there is one aspect of CETA which has not been very well explored, and that is the problem we are having with implementing CETA programs in rural areas.

With only 11 percent of the money going to rural areas, we do not have the chance to adequately serve rural Americans through CETA programs. We would like to have a fair share of the money going into the rural areas.

Senator RIEGLE. I appreciate your testimony, and you went within the 5-minute amount of time, which we appreciate.

If we have questions for you, in addition to the elaboration in your written statement, we will make it a part of the record and present it to you.

I appreciate your testimony this morning.

[The prepared statement of Mr. Herman follows:]

STATEMENT OF KIM HERMAN
ASSOCIATE DIRECTOR
RURAL AMERICA, INC.
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AMD MIGRATORY LABOR
COMMITTEE ON HUMAN RESOURCES
UNITED STATES SENATE
CONCERNING
REAUTHORIZATION OF THE
COMPREHENSIVE EMPLOYMENT AND TRAINING ACT
MARCH 10, 1978

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO HAVE BEEN ASKED TO PRESENT THE SPECIAL PERSPECTIVE OF RURAL AMERICA ON RENEWAL OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA). RURAL AMERICA, INC. IS A NONPROFIT MEMBERSHIP ORGANIZATION THAT SEEKS TO SERVE AS A NATIONAL VOICE ON BEHALF OF THOSE WHO LIVE IN THE SMALL TOWNS AND RURAL AREAS OF OUR COUNTRY. MY NAME IS KIM HERMAN AND I AM THE ASSOCIATE DIRECTOR OF RURAL AMERICA, INC.

INTRODUCTION

UNEMPLOYMENT AND UNDEREMPLOYMENT IN THIS COUNTRY HAVE REMAINED UNACCEPTABLY HIGH IN RECENT YEARS AND DRAMATIC IMPROVEMENTS IN THE EMPLOYMENT PICTURE ARE NOT IMMEDIATELY ANTICIPATED.

THE NEED FOR PUBLICLY SUPPORTED PROGRAMS TO INCREASE EMPLOYMENT OPPORTUNITIES, TRAIN POTENTIAL WORKERS, AND PROVIDE NEEDED SERVICES AND FACILITIES IN RURAL AREAS IS APPARENT.

BACKGROUND

SEVENTEEN YEARS AGO, THE FEDERAL GOVERNMENT BEGAN EXPERIMENTING WITH VARIOUS EMPLOYMENT AND TRAINING APPROACHES INTENDED TO COMBAT POVERTY AND UNEQUAL REGIONAL JOB OPPORTUNITIES. IN 1973, THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT (CETA) WAS ENACTED AND HAS PROVEN TO BE A USEFUL VEHICLE CAPABLE OF ADDRESSING SEVERE UNEMPLOYMENT. MAJOR NEW PROGRAMS HAVE BEEN ADDED, INCLUDING YOUTH EMPLOYMENT AND SPECIAL DEMONSTRATION PROJECTS.

IT IS IMPORTANT TO NOTE THAT RURAL AREAS IN AMERICA ARE PARTICULARLY TROUBLED WITH MANY OF THE PROBLEMS CETA IS DESIGNED TO AMELIORATE. POVERTY, BASIC SERVICE NEED INADEQUACIES, AND LIMITATIONS ON EMPLOYMENT OPPORTUNITIES ARE WELL KNOWN TO RURAL COMMUNITY RESIDENTS.

UNDER PRESENT CETA PROGRAMS, RURAL INDIVIDUALS ARE DENIED BOTH ADEQUATE TRAINING AND ACCESS TO TRAINING PROGRAMS IN MANY PARTS OF THE COUNTRY. CERTAINLY THE FEDERAL GOVERNMENT SHOULD OPERATE PROGRAMS WHICH WORK TOWARD EQUALIZING OPPORTUNITIES WHEREVER PEOPLE LIVE. REAUTHORIZATION PROVIDES AN OPPORTUNITY FOR MAINTAINING THE BEST OF CETA AND RESTRUCTURING LESS WORKABLE SECTIONS TO MAXIMIZE THE POSITIVE EFFECT WHICH THE PROGRAM HAS DEMONSTRATED.

RURAL AMERICANS, GENERALLY, SHOULD BE INCLUDED IN THE LIST OF THE ECONOMICALLY DISADVANTAGED IN OUR SOCIETY. RURAL AND SMALL TOWN CITIZENS TRADITIONALLY DO NOT SHARE FULLY IN THE BENEFITS OF ECONOMIC GROWTH AND DEVELOPMENT.

SUCCESS THROUGH CETA IN RURAL PARTS OF AMERICA IS ESSENTIAL IF UNEMPLOYMENT RATES ARE TO BE CONTINUOUSLY REDUCED IN THE NEXT FIVE YEARS. SECTIONS IN THE ADMINISTRATION'S NEW BILL WHICH PROVIDE FOR SPECIAL FUNDING DESIGNED TO DELIVER ADDITIONAL CETA SLOTS IN TIMES OF ECONOMIC DOWNTURN ARE PARTICULARLY VITAL.

RURAL AMERICA SUPPORTS THE CETA OBJECTIVE OF INCREASING THE EARNED INCOME OF PARTICIPANTS AND AIMING LIMITED RESOURCES AT THOSE MOST IN NEED, A BROAD OBJECTIVE OF THE NEW BILL. HOWEVER, THERE ARE SECTIONS WHERE LANGUAGE AND INTENT COULD BE ALTERED TO FURTHER MEET CETA OBJECTIVES AT MINIMAL OR ZERO COST.

TARGETING

EFFECTIVE TARGETING IN CETA IS THE MOST VITAL POINT OF THE PROPOSED LEGISLATION. IT IS TO EVERYONE'S ADVANTAGE THAT CETA PROGRAMS REACH THE MOST NEEDFUL POPULATIONS EFFECTIVELY.

AN ATTRACTIVE FEATURE OF THE DRAFT BILL REQUIRES RECIPIENTS TO BE BOTH ECONOMICALLY DISADVANTAGED AND EITHER UNEMPLOYED OR UNDEREMPLOYED. THE PRESENT LANGUAGE HAS LEFT TOO MUCH ROOM FOR ABUSES AND LOCAL MISDIRECTION OF AVAILABLE FUNDS. (ECONOMICALLY DISADVANTAGED IS DEFINED IN THE PROPOSED BILL AS THOSE WHOSE FAMILY INCOME IS NO GREATER THAN 70 PERCENT OF THE BUREAU OF LABOR STATISTICS (BLS) LOW INCOME STANDARD.)

ALSO SATISFACTORY UNDER THE PROPOSED DRAFT IS A REQUIREMENT THAT YOUNG APPLICANTS, WHOSE PARENTS CLAIMED THEM AS INCOME TAX DEDUCTIONS IN THE PREVIOUS YEAR, MUST INCLUDE THEIR PARENTS' INCOME IN ESTABLISHING CURRENT ELIGIBILITY.

ALLOCATION FORMULAE

RURAL AMERICA SUPPORTS MR. JAVITS' INTEREST IN TARGETING FEDERAL EMPLOYMENT AND TRAINING PROGRAMS IN AREAS SUFFERING FROM SEVERE STRUCTURAL UNEMPLOYMENT. RURAL PARTS OF AMERICA CONTAIN EXCESSIVELY LARGE NUMBERS OF VERY POOR INDIVIDUALS AND FAMILIES, MANY OF WHOM ARE UNEMPLOYED OR UNDEREMPLOYED.

AVAILABLE DATA MAKE IT CLEAR THAT IMPROVED ALLOCATION OF CETA FUNDING IS BADLY NEEDED BY RURAL AMERICA. THE RECENTLY AVAILABLE STATISTICS ON POPULATION, LABOR FORCE, AND UNEMPLOYMENT, ARE PROBABLY THOSE PUT TOGETHER BY THE COMMERCE DEPARTMENT FOR THE RECENT WHITE HOUSE CONFERENCE ON BALANCED NATIONAL GROWTH. THEY SHOW THAT, AS OF 1975, NONMETROPOLITAN AREAS ACCOUNTED FOR JUST UNDER 27% OF THE NATION'S POPULATION BUT THAT THEY ACCOUNT FOR 41% OF THE POVERTY POPULATION.1/ THEY ALSO SHOW THAT NONMETROPOLITAN AREAS ACCOUNT FOR NEARLY 29% OF THE EMPLOYED LABOR FORCE -- USING THE OFFICIAL DEFINITION OF UNEMPLOYMENT WHICH, AS WE NOTE ELSEWHERE, DOES NOT TAKE INTO ACCOUNT THOSE WHO ARE UNDEREMPLOYED OR THOSE WHO ARE EMPLOYED AT ONLY MARGINAL

1/ Metropolitan/nonmetropolitan figures are in constant flux due primarily to OMB's passion for creating new SMSA's even if it has to redefine the term. Many rural people end up being classified as "metro".

WAGES.[2]

IN CONTRAST TO THI[illegible] FIGURES ARE THOSE ON THE DISTRIBUTION OF OUTLAYS UNDER THE CETA PROGRAM. THE MOST RECENT DATA -- AGAIN FOR 1975 -- INDICATE THAT ONLY 11.1% OF THE TOTAL WENT INTO NONMETRO AREAS. PUT ANOTHER WAY, THESE FIGURES INDICATE THAT CETA OUTLAYS PER UNEMPLOYED PERSON WERE THREE TIMES AS GREAT IN METROPOLITAN AREAS AS IN NONMETROPOLITAN AREAS.[3]

THE SOCIO-ECONOMIC STATUS OF RURAL AMERICANS HAS IMPROVED SOMEWHAT SINCE 1970, BUT RURAL PEOPLE CONTINUE TO TRAIL OTHER AMERICANS IN EVERY SOCIO-ECONOMIC INDICATOR OF "WELL-BEING". DISCUSSING ALLOCATION FORMULAE, THERE ARE STRONG INDICATIONS THAT THESE FUNDING GUIDES ARE UNFAIR TO RURAL AREAS AND INADEQUATE IN NATIONAL PERSPECTIVE.

OF THE 80% OF TITLE I FUNDS WHICH ARE ALLOCATED BY FORMULA, HALF ARE BASED ON PRIOR YEAR'S FUNDING. THIS FACTOR PERPETUATES FUNDING INEQUITIES, BOTH IN TERMS OF MEETING THE OBJECTIVE OF THE TITLE I PROGRAMS AND IN PROVIDING AN EQUITABLE SHARE OF FUNDS TO RURAL AREAS.

IN A TITLE WHICH IS AIMED AT "EMPLOYABILITY DEVELOPMENT", LESS THAN 20% OF THE TITLE I FUNDS ARE AVAILABLE FOR DISCRETIONARY USE. IT CANNOT BE OVEREMPHASIZED THAT THIS PERCENTAGE SHOULD BE INCREASED IN THE INTEREST OF PROVIDING A MECHANISM FOR BALANCING OR EQUALIZING THE FEDERAL DOLLAR SPREAD.

[2] We have to use it, but Federal data on unemployment in rural America are very, very unreliable.

[3] The FY '75 outlay figures for Titles I, II, III, IV and VI are reported in The Seventh Annual Report on Government Services to Rural America, printed as House Document 95-51, page 30.

TITLE I FUNDS, WHICH ARE INTENDED TO HELP RAISE THE SKILL LEVELS OF CETA PARTICIPANTS THROUGH TRAINING AND WORK EXPERIENCE, ARE ESPECIALLY INAPPROPRIATELY ALLOCATED BY MEANS OF UNEMPLOYMENT DATA. "SUBEMPLOYMENT" WOULD BE A MUCH BETTER INDICATOR OF THE NEED FOR TRAINING.

INCREASING THE LOW INCOME FACTOR IN THE TITLE I FORMULA, CHANGING IT TO A "POVERTY" FACTOR, AND REDUCING EITHER (OR BOTH) THE UNEMPLOYMENT OR "PRIOR YEAR'S FUNDING" FACTOR WOULD SERVE TO BETTER "TARGET" TITLE I RESOURCES TO LOW-SKILL POVERTY AREAS, SUCH AS RURAL PLACES. THIS REVISION WOULD INCREASE THE AMOUNT OF FUNDS GOING TO MOST RURAL AREAS.

THE PROPOSED BILL WOULD REQUIRE EACH PRIME SPONSOR OR OTHER CETA FUNDS RECIPIENT TO ESTABLISH A GRIEVANCE PROCESS FOR

4/ Several economists have sought to define and measure subemployment although no definition is universally accepted. The "Employment and Earnings Inadequacy" Index developed by Sar Levitan and Robert Taggart is one such approach. Their "EEI" includes all "Subemployed" persons with below average incomes, including the unemployed, underemployed and discouraged workers, but excluding students and the elderly. Ray Marshall's subemployment index includes the number of unemployed, unemployment rate, and the number of working poor family heads.

Despite the efforts of individual economists, reliable and widely accepted subemployment data is still not available. This has caused several "manpower experts to call for an increase in this factor as part of the CETA allocation formulae, and a current reduction in the "unemployed" factor. Ray Marshall has long been an advocate of such a revision. The National Council on Employment Policy has also recently recommended making this change in the formulae. William Mirengoff and Lester Rinkler, in an interim report of findings in evaluation of CETA for the National Academy of Sciences, pose serious questions about the adequacy of unemployment (rather than income) as a measure of the target group which employment and training programs are intended to serve.

HANDLING COMPLAINTS ABOUT CETA PROGRAMS FROM PARTICIPANTS, SUB-GRANTEES, CONTRACTORS AND ANY OTHER INTERESTED PARTIES. ALTHOUGH CETA REGULATIONS CURRENTLY PROVIDE APPEALS PROCEDURES, PRIME SPONSORS HAVE NOT ALWAYS COMPLIED WITH THIS REGULATION. A LEGAL DIRECTIVE, SUCH AS THAT PROPOSED, SHOULD REINFORCE THIS IMPORTANT COMPONENT TO A SUCCESSFUL MANPOWER PROGRAM AND RESULT IN GREATER COMPLIANCE.

MIGRANT AND SEASONAL FARMWORKER PROGRAMS

BY FAR THE MOST DISTURBING CHANGE PROPOSED BY THE ADMINISTRATION WOULD ALTER SECTIONS OF TITLE III. THE PROPOSED DRAFT DELETES IMPORTANT LANGUAGE WHICH CONGRESS FULLY SUPPORTED IN 1977. THAT LANGUAGE, IN SECTION 303(A)(2) STATES:

> "BECAUSE OF THE SPECIAL NATURE OF CERTAIN FARMWORKER EMPLOYMENT AND TRAINING PROBLEMS SUCH PROGRAMS CAN BEST BE ADMINISTERED AT THE NATIONAL LEVEL."

DELETING THIS LANGUAGE MAY MEAN THAT THE SECRETARY WOULD BE FORCED TO UTILIZE LOCAL PRIME SPONSORS AS OPERATORS OF FARMWORKER PROGRAMS. BREAKING UP NATIONAL COORDINATION OF THESE CONCERNS IS A SERIOUS MISTAKE. THE CONGRESS SHOULD CONTINUE

TO INSIST THAT CETA'S FARMWORKER PROGRAMS BE OPERATED BY THOSE ORGANIZATIONS BEST EQUIPPED TO RESOLVE FARMWORKER PROBLEMS.

THE PRESENT LANGUAGE UNDER SECTION 303 HAS ASSURED THE OPERATION OF FARMWORKER PROGRAMS BY PERSONS KNOWN TO BE CONCERNED ABOUT FARMWORKERS AS A CLASS OF AMERICAN CITIZENS. PERSONS PRESENTLY COMMITTED TO THESE PROGRAMS HAVE ILLUSTRATED A SPECIAL UNDERSTANDING OF FARMWORKERS AND HAVE DEMONSTRATED BY ALL DOL MEASUREMENTS, A SUCCESSFUL ABILITY FOR WORKING WITH THIS GROUP OF WORKERS. THE RELATIONSHIP IS IN PLACE, IT IS OPERATIONAL AND SUCCESSFUL, AND SHOULD NOT BE DISSOLVED WITHOUT SIGNIFICANT REASON. NO SUCH REASON EXISTS. OPPONENTS OF NATIONAL OPERATION OF FARMWORKER PROGRAMS SHOULD BE CHALLENGED TO DEMONSTRATE TO THIS COMMITTEE THEIR EVIDENCE FOR RECOMMENDING THIS DRAMATIC CHANGE.

IT IS PARTICULARLY DISTURBING TO NOTE THAT DURING CONFIRMATION HEARINGS FOR THE SECRETARY OF LABOR AND ASSISTANT SECRETARY, ERNIE GREEN, AND IN SUBSEQUENT MEETINGS WITH CONGRESSIONAL LEADERS, ASSURANCES WERE MADE THAT COMMUNITY BASED FARMWORKER ORGANIZATIONS WOULD CONTINUE TO BE LOOKED UPON AS PREFERRED, IF NOT PRESUMED, OPERATORS OF 303 PROGRAMS. THIS CHANGE IN THAT SECTION RUNS COMPLETELY CONTRARY TO THOSE ASSURANCES.

BEYOND THESE MORE IMMEDIATE CONCERNS, RURAL AMERICA ALSO NOTES THAT THE MIGRANT AND SEASONAL FARMWORKER PROGRAMS UNDER THE ADMINISTRATION'S BILL WOULD EMPHASIZE CONCENTRATION ON EMPLOY-

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ABILITY TRAINING TO THE EXCLUSION OF NEEDED SUPPORT SERVICES. MANY PROBLEMS FACED BY MIGRANT AND SEASONAL FARMWORKERS, INCLUDING LOW WAGES, UNEMPLOYMENT AND UNDEREMPLOYMENT, HAZARDOUS WORKING CONDITIONS, AND THE ABSENCE OF THE MOST BASIC PROTECTIONS AND BENEFITS AFFORDED TO MOST WORKING GROUPS IN THIS COUNTRY, ARE THE DIRECT RESULT OF FEDERAL NEGLECT AND INACTION, AND NOT JUST A MATTER OF THE EMPLOYABILITY OF AGRICULTURAL WORKERS THEMSELVES. UNTIL CORRECTIVE MEASURES ARE TAKEN TO INSURE FARMWORKERS A DECENT RETURN FOR THEIR LABOR, THE NEED FOR A VARIETY OF SUPPORT SERVICES SUCH AS HOUSING ASSISTANCE, CHILD CARE, HEALTH, NUTRITION AND EDUCATIONAL SERVICES REMAIN HIGH. ORGANIZATIONS SERVING FARMWORKERS UNDER SECTION 303 OF CETA SHOULD BE ENCOURAGED TO DEVOTE SUBSTANTIAL RESOURCES TO THESE SUPPORT SERVICES.

WE ARE ALSO CONCERNED BY THE DEPARTMENT OF LABOR'S CONTINUING EMPHASIS ON TRAINING FARMWORKERS FOR NONAGRICULTURAL OCCUPATIONS. WHILE THERE CLEARLY IS A NEED TO ASSIST FARMWORKERS TRAIN AND PREPARE FOR JOBS OUTSIDE OF AGRICULTURE, PARTICULARLY IN THE CASE OF SEASONALLY EMPLOYED FARMWORKERS AS A MEANS OF SUPPLEMENTING THEIR INCOMES, WE DO NOT BELIEVE IT IS EITHER DESIRABLE OR PRACTICAL TO CONCENTRATE THESE RESOURCES EXCLUSIVELY ON MOVING PEOPLE OUT OF AGRICULTURAL WORK. MANY FARMWORKERS HAVE NO INTEREST IN LEAVING FARMWORK. EMPHASIZING TRAINING FOR NONAGRICULTURAL EMPLOYMENT WILL NOT DRY UP THE

MIGRANT STREAM. DESPITE REPEATED EFFORTS TO ELIMINATE FARM LABOR, LARGE NUMBERS OF PEOPLE WILL REMAIN IN THAT WORK FORCE AS LONG AS A DEMAND FOR THEIR SERVICES EXISTS. RECENT STUDIES IN CALIFORNIA AND OREGON, FOR EXAMPLE, SHOW AN INCREASED DEMAND FOR FARMWORKERS, NOT A DECLINE IN DEMAND, AS MANY PEOPLE BELIEVE.

CETA PROGRAMS WHICH ARE DESIGNED TO MEET THE NEEDS OF FARMWORKERS SHOULD CONTINUE. CETA SHOULD ASSIST FARMWORKERS IMPROVE THEIR EMPLOYMENT STATUS AND INCOME THROUGH MORE EFFECTIVE USE OF THEIR PRESENT SKILLS. AGRICULTURAL ENTERPRISES PROVIDE OPENINGS FOR 2.6 MILLION WORKERS EVERY YEAR, ACCORDING TO THE USDA.5/

UNTIL THE GOVERNMENT OR AGRIBUSINESS DEVISES A STRATEGY FOR HARVESTING SEASONAL CROPS WITHOUT THE ASSISTANCE OF MIGRANT AND SEASONAL LABOR, THE ADMINISTRATION'S DECISION THAT "MIGRANT AND SEASONAL FARMWORKERS" SHOULD BE MOVED INTO DIFFERENT AND BETTER COMPENSATED JOBS SEEMS UNREALISTIC. A BETTER EMPHASIS IN LIGHT OF THAT REALITY WOULD BE TO UTILIZE CETA AS A TOOL CAPABLE OF UPGRADING FARMWORK THROUGH TRAINING, EDUCATION, AND ADVOCACY, MAKING FARMWORK A MORE VIABLE OCCUPATION FOR U.S. WORKERS.

SINCE THE PROBLEMS OF FARMWORKERS ARE ALMOST CATEGORICALLY A FUNCTION OF FEDERAL NEGLECT, THE ABSENCE OF A BASIC LABOR PROTECTIVE LAW FOR FARMWORKERS, AND THE ALMOST COMPLETE LACK OF

5/ The Hired Farm Working Force of 1975, Economic Research Service, USDA Agricultural Economic Report No. 355, December, 1976

ENFORCEMENT OF LAWS THAT DO EXIST, IT SEEMS OBVIOUSLY UNWISE TO MOVE FURTHER AWAY FROM FEDERAL CONCERN FOR FARMWORKERS BY CURTAILING SUPPORT SERVICES WHICH ARE PRESENTLY A CRITICAL COMPONENT OF SECTION 303. AS A LONG TERM OBJECTIVE, GETTING MANY FARMWORKERS OUT OF AGRICULTURAL WORK MAY BE REASONABLE; HOWEVER, THEIR MORE IMMEDIATE NEEDS NOW AND IN THE NEXT FIVE YEARS MUST NOT BE FORGOTTEN OR IGNORED. THE ADMINISTRATION'S PROPOSAL WOULD UNDERMINE THESE NEEDED SUPPORT PROGRAMS.

THE PRESENT SIZE OF THE FARMWORKER PROGRAM IS A DIRECT RESULT OF CONGRESSIONAL ACTION 1) IN SEPARATING IT CATEGORICALLY FROM THE BALANCE OF THE PROGRAM AND 2) STIPULATING AN ESCALATOR CLAUSE TIED TO TOTAL APPROPRIATIONS. THE SAME IS TRUE OF THE NATIVE AMERICAN PROGRAM.

IF THESE CETA PROGRAMS ARE THROWN INTO THE GENERAL POT, YOU MAY BE ASSURED THAT IN THE UNEQUAL COMBAT WITH THE FUND-SWINGERS IN THE CITIES THE FARMWORKERS AND THE INDIANS WILL SINK LIKE STONES.

AND FINALLY, WE ARE CONCERNED BY THE MANNER IN WHICH FARMWORKERS STATISTICS ARE GATHERED AND EMPLOYED TO DETERMINE ELIGIBILITY IN THE CETA AND OTHER FEDERALLY MANDATED FARMWORKER PROGRAMS. RECENTLY, RURAL AMERICA COMPLETED A FAIRLY COMPREHENSIVE STUDY OF THE DEFINITIONS OF MIGRANT AND SEASONAL FARMWORKERS

CURRENTLY BEING USED BY FEDERAL AGENCIES.6/ AMONG THE FIVE MAJOR DEPARTMENTS SERVING MIGRANT AND SEASONAL FARMWORKERS, WE FIND THAT THERE IS VIRTUALLY NO AGREEMENT ON WHAT CONSTITUTES AGRICULTURAL LABOR. AS A RESULT THE NUMBER OF FARMWORKERS IDENTIFIED AS POTENTIAL PARTICIPANTS IN VARIOUS PROGRAMS RANGES FROM A LOW OF 250,000 TO OVER 1 MILLION.

IN THE CASE OF CETA, WE FIND THAT THE IDENTIFICATION SYSTEM HAS HAD THE EFFECT OF DRASTICALLY REDUCING THE NUMBER OF INDIVIDUALS SERVED. THROUGH A SERIES OF ANNUAL PROGRAM GUIDELINE CHANGES, CETA HAS SUCCESSFULLY NARROWED FARMWORK DEFINITIONS AND ELIGIBILITY REQUIREMENTS SO THAT NOW ONLY A FRACTION OF THE FARMWORKERS FORMERLY ELIGIBLE FOR ASSISTANCE UNDER THE CETA PREDECESSOR OEO'S TITLE III(B) FARMWORKER PROGRAMS, ARE CURRENTLY ELIGIBLE FOR CETA PROGRAMS. LARGELY, THIS SITUATION HAS BEEN CREATED BY 1) CHANGING THE DEFINITIONAL BASIS FOR "FARMWORK" FROM AN OCCUPATIONAL TO AN INDUSTRIAL CLASSIFICATION THUS ELIMINATING WHOLESALE CATEGORIES OF FARMWORKERS BASED ON WHO THEY WORKED FOR RATHER THAN WHAT KIND OF WORK THEY PERFORMED; 2) THE IMPOSITION OF ELIGIBILITY RESTRICTIONS ON FARMWORKERS WHO ARE A) FULL TIME STUDENTS AND B) WORKERS WHO SPEND MORE THAN ONE-HALF OF THEIR REPORTED WORK TIME IN FOOD PROCESSING. RURAL AMERICA ESTIMAIES THAT THE DEFINITIONAL AND ELIGIBILITY CHANGES INSTITUTED BY CETA MAY HAVE RESULTED IN THE EXCLUSION OF NEARLY TWO MILLION FARMWORKERS PREVIOUSLY ELIGIBLE UNDER OEO PROGRAMS.

6/ See Rural America Research Report #1, Where Have All the Farmworkers Gone? The Statistical Annihilation of Migrant and Seasonal Farm Workers by Federal Agencies - September, 1977

SPECIAL PROJECTS

ANOTHER UNDESIRABLE ASPECT OF THE PROPOSED BILL ELIMINATES THE SPECIAL PROJECTS LANGUAGE PRESENTLY IN TITLE VI OF CETA. WHEN CONGRESS APPROVED THE LANGUAGE PERTAINING TO SPECIAL PROJECTS IN 1976, THE OBJECTIVE WAS TO ASSURE THAT PRIME SPONSORS DID NOT USE CETA MONEY TO PAY LOCAL GOVERNMENT EMPLOYEES WITH FEDERAL INSTEAD OF LOCAL DOLLARS. THE CURRENT SPECIAL PROJECTS LANGUAGE REQUIRES CETA TITLE I SPONSORS TO PUT OUT MUCH OF THE TITLE VI PSE MONEY FOR SPECIFIED PROJECTS WHICH WILL ACCOMPLISH A PARTICULAR TASK WITHIN A GIVEN PERIOD OF TIME. THE RESULT HAS BEEN POSITIVE IN THAT THE LANGUAGE HAS FORCED PSE MONEY INTO CITIZEN BASED COMMUNITY OPERATIONS. WITHOUT THIS LANGUAGE, NOTHING WILL PREVENT PRIME SPONSORS FROM SPENDING PSE MONEY COMPLETELY ON THEIR OWN PROGRAMS. BEYOND RECOMMENDING RETENTION OF SPECIAL PROJECTS PROVISIONS, WE WOULD ALSO SUGGEST LEGISLATING WHAT IS NOW AN INVALUABLE AGENCY REGULATION. THAT SUGGESTION CALLS FOR MANDATING NO LESS THAN ONE-THIRD OF ALL FUNDS ALLOCATED TO A GIVEN PRIME SPONSOR FOR SPECIAL PROJECTS BE EARMARKED SPECIFICALLY FOR SUBCONTRACTING TO CITIZEN CONTROLLED COMMUNITY BASED ORGANIZATIONS.

APART FROM CONCERNS ALREADY OUTLINED, ONE DELETION IN THE CETA REAUTHORIZATION BILL IS COMPLETELY UNSATISFACTORY FROM THE RURAL PERSPECTIVE. THE PRESENT LAW HAS A PROVISION CONCERNING THE GOVERNOR'S 4% DISCRETIONARY MONEY. ONE OF THE PURPOSES OF THIS MONEY IS "PROVIDING FINANCIAL ASSISTANCE FOR

SPECIAL PROGRAMS AND SERVICES DESIGNED TO MEET THE NEEDS OF RURAL AREAS OUTSIDE MAJOR LABOR MARKET AREAS". IT SEEMS INCOMPREHENSIBLE THAT A DEPARTMENT OF LABOR HEADED BY A SECRETARY NOTED AS A RURAL MANPOWER EXPERT WOULD INTENTIONALLY DELETE A SPECIAL REFERENCE TO RURAL NEEDS. THEREFORE, WE ASSUME THIS DELETION WAS UNINTENTIONAL AND THAT THE DRAFT WILL BE CORRECTED BY THE SUBCOMMITTEE.

HOUSING PROGRAMS

OF SPECIAL IMPORTANCE TO RURAL AMERICA ARE PSE SLOTS UNDER TITLE VI WHICH ARE OFTEN UTILIZED BY RURAL NONPROFIT HOUSING DEVELOPMENT CORPORATIONS FOR REHABILITATION AND NEW CONSTRUCTION OF HOUSING FOR EXTREMELY LOW INCOME AMERICANS. OUR CONTINUOUS POSITION HAS BEEN TO SUPPORT CETA LANGUAGE PERMITTING PSE WORKERS ON HOUSING REHABILITATION PROJECTS. CETA HAS BEEN A DEMONSTRATED FORCE IN FARMWORKER HOUSING PROGRAMS FUNDED BY THE DEPARTMENT OF LABOR. THROUGH A COMBINATION OF RURAL AMERICA'S ADMINISTRATIVE FUNDING AND LOCAL "BALANCE OF STATE" PSE SLOTS, SEVERAL LOCAL NONPROFIT ORGANIZATIONS HAVE FOUND IT POSSIBLE TO REPAIR BELOW STANDARD HOUSES BEING USED AS HOMES BY LOW INCOME FARMWORKERS.

THE WEATHERIZATION OF HOMES OF FAMILIES WHOSE INCOMES ARE LESS THAN 125% OF THE FEDERAL POVERTY LEVEL IS ALSO A PROVISION IN THE ADMINISTRATION'S BILL WHICH RURAL AMERICA IS HAPPY TO SUPPORT.

In the San Joaquin Valley of California, Self-Help Enterprises, a private nonprofit housing development corporation, has made homes safe and sanitary through CETA manpower and low interest mortgage money from the Farmers Home Administration. Last year, 35 houses were constructed through this combination of federal services.

Unfortunate controversy has developed recently from charges that new home construction with CETA labor is taking jobs out of the private sector. CETA assisted new construction exclusively benefits Americans of such low income that without the program they would not be able to afford even a subsidized housing loan. Therefore, the private sector is unaffected by CETA assisted construction.

The added benefit of public service employment through CETA is the reason new construction is a possibility for some categories of poor Americans. Assisting these low income workers in their effort to acquire decent family housing is a worthy public purpose and, as such, should remain an eligible CETA activity.

Rural America continues to be concerned about the distribution of CETA funds within the states and below the level of the prime sponsors. We would note that many people think of the "Balance of State" funds as being the rural share of CETA monies. But, with prime sponsor eligibility limited to governments with

100,000 OR MORE PEOPLE, "BALANCE OF STATE" FUNDING CAN ALSO INCLUDE METROPOLITAN AREAS AND CITIES OF A SIZE NOT USUALLY CONSIDERED "RURAL".

MORE IMPORTANTLY, HOW WELL ARE FUNDS DISTRIBUTED IN THE "BALANCE OF STATE"? THE SAME FEDERAL OUTLAY STATISTICS THAT SHOW THAT THE PROGRAM IS BIASED TOWARD METROPOLITAN AREAS SUGGEST THAT EVEN THE NONMETROPOLITAN FUNDING IS BIASED TOWARD THE MORE URBANIZED COUNTIES. SUCH COUNTIES ACCOUNT FOR LESS THAN 40% OF THE NONMETRO POPULATION, BUT THEY RECEIVED TWO-THIRDS OF THE NONMETRO CETA FUNDS IN FY '75.1/ IF THESE FIGURES ARE CORRECT -- AND THEY ARE THE ONLY ONES WE HAVE FOUND ON THE ISSUE OF SUBSTATE DISTRIBUTION -- THEN THERE APPEARS TO BE A NEED FOR SOME SORT OF TARGETING MECHANISM TO ASSURE THAT "BALANCE OF STATE" CETA FUNDS GO WHERE THE NEED IS MOST PRESSING AND NOT JUST TO THOSE COMMUNITIES WITH THE MOST ABILITY TO PLAY THE GRANTSMAN GAME WITH THE STATE GOVERNMENT.

IF THE MOST IMPOPTANT OBJECTIVE OF CETA IS TO MOVE TOWARD FULLER EMPLOYMENT, THE LIMITATIONS OF CETA ELIGIBILITY AND THE TIME AN INDIVIDUAL MAY PARTICIPATE IN CETA ACTIVITY MUST BE MADE AS BROAD AS POSSIBLE IF WE ARE TO ATTAIN LONG RANGE EMPLOYMENT AND CAREER GOALS. IT SEEMS BETTER TO SPEND CETA DOLLARS IN AN EFFORT TO STRUCTURALLY ALTER THE INCOME STATUS OF A GIVEN GROUP OF INDIVIDUALS THAN TO ALTERNATELY ROTATE CETA DOLLARS AMONG A LARGE PARTICIPANT POPULATION WITHOUT SUCCESSFULLY ACHIEVING ANYTHING OTHER THAN TEMPORARY SUBSIDIZATION IN EXCHANGE FOR

1/ Again, outlay data are from House Document 95-51. "Urbanized Counties" are those with an aggregate of 20,000 or more people in towns of 2,500 or more in size.

TEMPORARY PUBLIC SERVICE. THE WORST THAT COULD HAPPEN UNDER CETA IS THAT A QUALIFIED PERSON BE COLDLY TURNED OUT OF THE PROGRAM WHILE STILL UNEMPLOYED AND THEN, AFTER A FEW YEARS ON THE WELFARE ROLLS, REHIRED INTO A CETA FUNDED POSITION. THESE "REVOLVING DOOR EMPLOYMENT" CYCLES DO LITTLE TO ENCOURAGE CETA PARTICIPANTS OR FURTHER OUR PRIMARY NATIONAL GOALS.

CONCLUSION

RURAL AMERICA IS DEEPLY TROUBLED BY THE LANGUAGE DELETIONS UNDER SECTIONS 303. FARMWORKERS ARE GETTING AN UNFAIR SHARE OF FEDERAL ATTENTION ALREADY. THEIR LIVES ARE FAR DIFFERENT AND FAR MORE DIFFICULT THAN ALMOST ANY OTHER CATEGORY OF LABORER. TO SUGGEST THAT THE FEDERAL GOVERNMENT SHOULD COMPLETELY DROP THE NATIONAL PROGRAMS DESIGNED TO ASSIST THE FARMWORKER IS TO SUGGEST AN INCREDIBLE DISSERVICE TO A DESERVING CLASS OF AMERICANS.

FRAGMENTING THE FARMWORKER PROGRAM WILL NOT INCREASE ITS EFFICIENCY. IN FACT, IT COULD MEAN A TOTAL DEEMPHASIS ON THE NEEDS OF MIGRANT AND SEASONAL LABORERS.

THE SERIOUSNESS OF REEVALUATING THE CRITERIA BY WHICH CETA FUNDS ARE DISTRIBUTED UNDER ALL TITLES SHOULD BE EMPHASIZED. METHODS FOR MEASURING RURAL UNEMPLOYMENT AND RURAL SUBEMPLOYMENT MUST BE VASTLY IMPROVED AT AN EARLY DATE. IN ADDITION, DOL SHOULD BE DIRECTED TO DEVELOP ACCURATE DATA ON COST OF LIVING FOR BASIC NECESSITIES FOR REGIONAL, STATE, AND LOCAL URBAN AND RURAL AREAS.

THE CONSUMER PRICE INDEX IS INADEQUATE FOR THIS PURPOSE SINCE IT IS WEIGHTED BY A MIX OF COMMODITIES DISSIMILAR TO THE PURCHASE OF THE RURAL POOR.

IN CLOSING, I WISH TO STATE THAT RURAL AMERICA'S EMPHASIS ON RURAL NEEDS AND CONCERNS IN LIGHT OF CETA REAUTHORIZATION IS SUPPORTED BY A STATEMENT MADE BY THE LATE SENATOR HUMPHREY WHEN IN 1976 HE SPOKE ON THE IMPORTANCE OF DIRECTING CETA DOLLARS TO RURAL AREAS. HE SAID, "FOR THE MOST PART...(CETA)...PROGRAMS HAVE DONE AN EXCELLENT JOB OF PROVIDING DISADVANTAGED AND UNSKILLED WORKERS WITH THE WORK EXPERIENCE AND NEW JOB SKILLS THEY NEED TO COMPETE EFFECTIVELY IN THE JOB MARKET. BUT, THERE IS ONE ASPECT OF CETA WHICH HAS NOT BEEN VERY WELL EXPLORED AND THAT IS THE PROBLEM WE ARE HAVING WITH IMPLEMENTING CETA PROGRAMS IN RURAL AREAS." GIVEN HUMPHREY'S STATEMENT AMONG MANY OTHERS, IT SEEMS THAT CETA REAUTHORIZATION SHOULD MOVE CLOSER TO EXPLORATION OF RURAL NEEDS WHICH CAN BE FURTHERED THROUGH CETA MONEY RATHER THAN ELIMINATING LANGUAGE FAVORABLE TO THAT GOAL.

IF THE SUBCOMMITTEE REQUIRES ANY FURTHER ASSISTANCE OR INFORMATION, MY STAFF AND I WILL TRY TO HELP.

Senator RIEGLE. I would like to ask Mr. Gene Bottoms and Mr. Roman Pucinski to come forward.

Let me say first to my former colleague and friend from the House, Mr. Roman Pucinski, we are delighted to have you here in your position as chairman of the legislative committee, National Advisory Council on Vocational Education. You come as an expert witness.

I am pleased—let me say to both of you that we appreciate your patience and understanding this morning, and you were here earlier when we had a rather long discussion with the other Senators.

So if you could summarize, as we have suggested, that would be very helpful.

So, Mr. Pucinski, why don't you go first here, if you would?

STATEMENT OF ROMAN PUCINSKI, CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL ADVISORY COUNCIL ON VOCATIONAL EDUCATION

Mr. PUCINSKI. Thank you very much, Mr. Chairman. I am certainly pleased to be here with you, Senator Javits. We were on joint conference committees many, many times, and Senator Chafee also. I will be brief.

The Congress established the National Advisory Council on Vocational Education to be an overseer of vocational education, so we are here to report to you our findings and the relationship between the CETA program and vocational education.

In revising the CETA legislation, the original concept—to provide employment and training to assist individuals in making the transition to unsubsidized jobs—must be emphasized and reemphasized, to strengthen the new bill. It is the only way to go.

The public sector has to provide some temporary employment. Last year, we created 4 million new jobs in this country. We now estimate between now and 1985, we are going to create 17 million additional new jobs in America and 42 million jobs for people who will replace those retiring, dying, or leaving the labor force, or for some other reason. So the jobs will be there and the President stated in his state of the Union message that we have a $2 trillion economy. We are going to double it in the next few years: by 1990, we are going to go to a $4 trillion economy. So the growth is there, and CETA should concentrate on the private sector.

We are very strong on title VII, because it does move in the private sector. We have now seen a decline in the unemployment rate, 6.7 percent for last year. But for young people, especially for nonwhite young people, it has actually increased from 26.8 to 38.8 percent, and the Presidential report indicates that many of the black youths are not counted and that, actually, the unemployment rate among black youths is now 57 percent, a staggering figure when you see the rest of the unemployment coming down.

So we would hope that vocational education could fill a part of the void. We would hope that it would be involved in the development of title VII. We would give vocational education a greater role. We would ask the Congress to look at the 1976 Vocational Education Act that you have provided. Our annual State plans must certify that

we are working with the CETA people, the vocational education people working with CETA.

We would hope that you require in this new act that all CETA plans must certify that the whole educational system play a role in the development of the program. It seems to me, the people have invested great resources in the education community. They have millions of dollars in facilities; they have vocational schools. But the main thrust of what we are trying to say this morning, Senator, is that the new act must emphasize the problems of the structural unemployed, must emphasize job opportunities in the private sector through title VII, and must bring in the education component.

We have learned from WPA and MDTA and various other programs that the idea of giving a worker a shovel or a rake and saying, go to work, is not going to get them in the mainstream. Even though we created 4 million new jobs in the country this year, the hard-core unemployed have remained hard-core unemployed.

Thank you.

Senator RIEGLE. We appreciate your testimony, and it reinforces much of what others have said; and I think, as to your last point, that obviously, with this tremendous growth in the job market, the increasing complexities in the kind of work, I think, is a strong argument to the youngsters, as you suggest.

Mr. Bottoms, we would be pleased to hear from you.

Mr. BOTTOMS. Thank you, Mr. Chairman.

I would just like to share with you briefly the five suggestions that we would like to offer the committee.

First, we would like to see an insertion in the administration bill, a planning process that would strengthen the coordination of vocational education training carried out under CETA, with similar activities being carried out by public, private, and community institutions. The current process is created piecemeal and does not always flow together, nor does it relate to what is there.

There are a number of questions we would hope such a plan would answer; but we would hope that the planning council, that the prime sponsor, would have a subsidy that might try to tie together a comprehensive plan more to CETA, that the State board might have opportunity to review and comment on those, and that we feel this process would maximize the tax dollars to the greater number of clients.

Our second suggestion is that the—that the administration bill would define a little clearer the role for State boards in CETA, and we would certainly like to see the continuation of a minimum of 5 percent funds in title II to this role.

The two particular roles, one technical assistance—but we would like to see some expansion of the role, particularly the kind of tailor-made quick-start training programs that can assist you in expanding industry to train new workers as you need them; the assistance of the cooperative program, particularly with unemployed, out-of-school youth, and adults. We have over 600,000 such youth enrolled, at no cost, in private-sector jobs in the nature of being trained; and we would like to see a greater linkage here, where that program could be expanded as part of the CETA efforts.

Our third suggestion would be increased emphasis on vocational education and training activities, and in particular we would like to see

a link between training activities carried on by either private or public service employment. We feel there is no shortcut in taking the structurally unemployed and moving them into the jobs that are going to be available in this Nation tomorrow and that many of these even lack the routes for success in our economic system.

So we very much encourage language in the legislation that would link together training and public-service employment, as well as employment in the private sector, be it subsidized or not.

The fourth suggestion we would offer would be to strengthen the ties between the CETA-funded education training programs and economic development issues, as set forth in title VII. We think this is a good addition into the bill, but there is a lack of emphasis on the economic development initiative. We feel that a little more encouragement ought to be given to local officials to begin to ask the kinds of questions that create a favorable climate for economic growth.

There are three things that we would like to see in that title VII: at least a private-industry agricultural council for those rural areas of the State that have an exceedingly high level of employment.

Second, we would like to see that section of the act tied to the cooperative vocational education section, educational amendments in terms of lacking current legislation and on-the-job training in the private sector.

Third, we would urge some language in the legislation that would reflect some very creative things that are taking place in the administration of this Nation where vocational education is making a real contribution to economic growth and development.

The last point that we have—and we would like to see local education so defined that it would include postsecondary, technical, and vocational schools and community colleges who are not on the board of education.

Thank you, Mr. Chairman.

Senator RIEGLE. Let me thank you both again for these excellent summaries, and we are going to consider the points that you raise with great care.

Mr. PUCINSKI. We refer in our testimony to a letter from the Ventura County, Calif., community college. I would like to include the entire letter in the record.

Senator RIEGLE. Without objection, it will be included.

Mr. PUCINSKI. Also I would like to include the testimony of the National Association of Executive Directors of State Advisory Councils.

Senator RIEGLE. We will be pleased to insert that in the record as well.

Senator JAVITS. May I say, Mr. Chairman, that there are some materials submitted, and we will study those in detail.

I am glad to see you, sir.

[The material referred to follows:]

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ADMINISTRATION CENTER

71 DAY ROAD VENTURA, CALIFORNIA 93003 (805) 642-0161

February 22, 1978

Mr. William Halderman
Regional Director
Employment & Training Administration
U.S. Department of Labor
400 Golden Gate Avenue
San Francisco, CA

Dear Mr. Halderman:

It has come to our attention that the Center for Employment and Training (CET) of San Jose is in the process of developing a competitive training program in Oxnard. We understand that CET has a Title III:303 grant and will be shortly opening a training program for auto mechanics, multi-clerical, and electronic assembly technician in the former Oxnard Beauty College building. Our college district is currently operating training programs in Oxnard for all but the electronic assembly technician occupation.

We are concerned this additional training will result in an over-supply in the current labor market demand for these occupations. Attached are copies of an inventory of programs and courses offered by public education in Ventura County indicating the training already in existence in these occupational areas. In addition, the California State Employment Development Department in its 1975-80 Ventura County industry-occupational matrix projections indicates there is insufficient annual job opportunities in these occupations to justify additional training other than already offered.

Our district has been involved in providing training for over ten years, first under MDTA and now under CETA. We currently operate CETA I and VI programs and are sub-contracting on a CETA III program. Some of the CETA students are in training programs that would be duplicated by CET. In addition, we offer special occupational training for limited-English-speaking and handicapped students in our district's three colleges.

We have talked with the Ventura County Employment and Training Administration and they were until last week or so unaware of the CET programs to be offered in our county. We do not understand why all CETA-funded programs cannot be coordinated through our county's prime sponsor. Why unnecessarily duplicate facilities and equipment already paid for by the taxpayers? The public education system is ready to do additional training in occupations in short supply. We have demonstrated ability in conducting MDTA and CETA programs.

We would appreciate it if you would work with us in reconciling this unnecessary duplication which is planned. It is unfair to CETA clients to be trained for jobs in which there is an oversupply. It is unfair to the taxpayers to duplicate what they have already paid for in establishing and maintaining the public education system.

We look forward to hearing from you in the near future on this critical matter.

Sincerely,

William H. Lawson

William H. Lawson
Assistant to the Superintendent

cc: Dr. Loehr
Mr. Wayne Robertson, VCETA
Ventura County Board of Supervisors, Prime Sponsor

Attachments

kd

bcc: Deans of Vocational Education
Dr. Weiner
Dr. Cresci
Jean Trapnell
B. Deedy
S. Barrett
Congressman Goldwater
Congressman Lagomarsino
Tony Murgiua
✓George Wallrodt, HACVE

TESTIMONY

of the

NATIONAL ASSOCIATION OF EXECUTIVE DIRECTORS

of

STATE ADVISORY COUNCILS ON VOCATIONAL EDUCATION

to the

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

of the

United States House of Representatives

March 1978

31-079 O - 78 - 03

The National Association of Executive Directors of State Advisory Councils on Vocational Education is pleased to respond to the proposed Comprehensive Employment and Training Act Amendments of 1978.

CETA Title I

Technical Assistance

Increased technical assistance to coordinate establishment of effective training programs with existing programs such as vocational education, vocational rehabilitation, basic remedial education programs, community-based organizations, etc., should be provided to CETA Prime Sponsors (P/S) by DOL. At the State and local level CETA and vocational education specialists should work together to provide technical assistance (TA) to P/S, to enable them to work within the vocational education system, the community colleges, and other State and local program resources. Several states have suggested one form of this TA include a clearinghouse function within CETA on successful programs.

Funding

There should be a general increase in Title I funding which should include incentive grants for coordination. Title I funds must be used for training, related services, and work experience related to the training program. Public Service Employment activities should not be allowed in Title I.

5% Vocational Education Set-Aside

The 5% supplemental for vocational education must be kept as in present law. In most states, having the money go to the State Board is working very well. If a change is to be made, demonstration or pilot programs in certain P/S jurisdictions should be authorized and tested before a blanket change is made.

Governors' Role

A viable role should be maintained for the Governors. Their statutory role should be increased through the State Manpower Services Council (SMSC) for coordinating P/S activity with state-wide program planning. Staff should be specifically authorized and funded for SMSCs. SMSCs should have increased monitoring capability to ensure coordination state-wide.

Coordination

The P/S's plan should detail how the training program is coordinated with local, area, or State vocational education programs. Congress used this language in PL 94-482 and should use similar language in new CETA legislation so that coordination no longer is a "one-way street."

Local P/S Planning Councils should have vocational education representation. CETA legislative provisions should complement the pertinent sections of the vocational education legislation.

Upgrading and Retraining

There should be a training component tied to Public Service Employment (PSE) jobs. Also, persons holding PSE jobs under other titles should be eligible for Title I training to prepare them for work in unsubsidized public or private jobs.

Consortia

No consortium should be approved consisting of less than 75% of the labor market area population as determined by latest census figures. Smaller consortia will lead to fragmented delivery systems.

William E. Nagel
President
National Association of SACVEs

CETA REAUTHORIZATION

STATEMENT OF THE

AMERICAN VOCATIONAL ASSOCIATION

DR. GENE BOTTOMS

EXECUTIVE DIRECTOR

BEFORE THE

SENATE SUBCOMMITTEE ON EMPLOYMENT,

POVERTY AND MIGRATORY LABOR

CHAIRMAN, SENATOR GAYLORD NELSON

MARCH 10, 1978

Mr. Chairman and Members of the Subcommittee:

I am Gene Bottoms, Executive Director of the American Vocational Association. On behalf of the 55,000 members who are directly involved in the delivery of vocational education services to youth and adults in the United States, I express appreciation to you for the privilege of appearing before you to support the reauthorization of the Comprehensive Employment and Training Act.

Mr. Chairman, we appreciate the improvement now contained in the committee bill and want to propose changes that will accelerate the excellent progress which has been made during the past four years under the current act. We are proud of the role which vocational education has assumed in the delivery of services to clients under the education and training provisions of the act. The experiences of our vocational educators involved in CETA are the basis of the recommendations which I will present today.

Vocational educators throughout the nation are keenly aware of the partnership role which they have assumed and are growing in daily in assuring the success of CETA. We are committed to responding to new challenges as the role of vocational education in CETA expands.

Common Purposes of Vocational Education Amendments of 1976 and CETA

There are many commonalities contained in the priorities in the Vocational Education Amendments of 1976 and the Comprehensive Employment and Training Act. Each supports employment training to aid individuals in becoming self-sufficient in the world of work. Each deals with disadvantaged youth and adults as well as persons of limited English-speaking ability. Each places emphasis on providing services to the handicapped. The 1976 Vocational Education Amendments place special emphasis on developing programs in urban areas, a concern shared by CETA prime sponsors in the nation's largest cities. Involvement of those in

correctional institutions is an emerging concern under the 1976 vocational education legislation and a continuing concern under CETA. Indian education is a growing focus of both of these programs.

Institutional training, on-the-job training, work experience, counseling, placement and occupational information systems are facets of both programs. Accountability and follow up are contained in both. The 1976 Amendments make placement and accountability just as important to vocational education as it is to CETA. Advisory committees are concepts which both laws share. Vocational education and CETA programs recognize the importance of business and industry ties and both subscribe to the concept of retraining and upgrading of skills for successful employment.

Vocational educators have willingly accepted the challenge of assisting at both the state and local levels as planners, counselors, administrators, career planners, teachers and placement specialists. The 5% set aside money for vocational education has been used to provide programs of vocational education and technical assistance to prime sponsors through the state board for vocational education.

These commonalities of purpose suggest that a closer working relationship between vocational education and CETA prime sponsors would have substantial benefits in making greater utilization of resources that the nation allocates to serving people who are preparing for employment. Specific suggestions as to how this can be achieved is presented in the recommendations of this testimony.

Need for More Education and Training in CETA

We believe that the goal of CETA--to place clients in non-subsidized jobs in the private sector can be achieved through increased emphasis on education and training. This position is in agreement with the December 1976 recommendations of the National Commission for Manpower Policy when it noted that "it is appropriate that occupational skill training efforts now receive greater emphasis as the economy begins to recover. Indeed the Commission believes that skill training

should receive major emphasis even during economic downturns." The Commission further recommended, "a shift to an enlarged skill training effort, which might include the channeling of some of these funds through Title III (of the existing CETA) to assure that they are made available only when local sponsors can provide quality skill training."

We recognize that an effective national employment policy must include both short-range and long-range goals. We accept the fact that job creation must be a major component of this policy--with its primary emphasis on providing short-range employment and vital services to state and local governments. We are pleased that the public service employment projects appear to have been partially responsible for the decreases in the unemployment rates by 1.5 percent during the past 13 months. It is also encouraging to note that since August 1977 black unemployment has also decreased. According to Secretary of Labor Marshall, the expansion of public service jobs under CETA and the Economic Stimulus Package accounted for about 25 percent of the increase in black employment since April 1977. These facts are evidence that public service employment has assisted in reducing short-term unemployment.

The long-term employment problem solutions, however, must go beyond public service employment. It has become increasingly obvious that the attainment of personal economic independence for each citizen can come only when each has acquired a specific job skill which has a market value in the private sector. We believe that this can best be accomplished by increasing the emphasis on the education and training provisions of CETA which will result in increased human and job skill development of CETA clients. The benefits from this increased emphasis on education, training and human development will accrue not only to the individual but to the economy as well.

At the same time, it is important to remember that although the national unemployment rate remains high, the demand for persons in specific localities throughout the United States who have certain job skills remains high. A glance at the want ads in newspapers across the nation verifies the fact that many employers are seeking skilled workers but unskilled individuals cannot compete on the labor market.

There is some reason to speculate that an increase in the pool of skilled workers in the United States will provide an economic buffer for our country against a potential shortage of workers in the future. A January 1978 study prepared for the Joint Economic Committee of the Congress stated, "the slower population growth since about 1960 will curb the contribution of labor to the economy. It should permit the achievement of generally lower unemployment rates, however, and could create a persistent tendency toward labor scarcity by 1985, especially for entry-level and low status jobs." This emphasizes the crucial need for the disadvantaged in our society to develop specific job skills which will permit them to compete for available jobs.

We propose that education and training for skill development and the elimination of barriers to employment become a major priority in the CETA reauthorization. In an attempt to effectively deal with cyclical unemployment, there has been a reduction in emphasis placed on skill development and education programs as was enacted by Congress in 1973. Although the proposed administration bill attempts to make a sharper distinction between sections which deal with structural and cyclical unemployment, it still falls short in several instances. This is primarily caused by the continuation of a public service employment provision in the new title II--Comprehensive Employment and Training Services. This inclusion is in addition to the new title VI--which is solely devoted to a public service employment program. We view this situation as one of having the potential to divert needed education

and training funds into additional jobs programs at a time when the unemployment rate is declining. The funds for education and training are already relatively limited in the context of the total CETA appropriation. Some estimates place the actual percentage of title I dollars under the current act (1973) that actually go for training to be as low as 20 percent.

Attention should also be given to requiring the inclusion of an education component in title VI--Public Service Employment. Even those who are the victims of cyclical unemployment could benefit from supplemental education that would assist them in acquiring new skills. These programs could be a varying component of the work assignment based on the needs and abilities of the individual client.

The continuation of emphasis on special target populations in the administration's proposed bill is commendable. Without programs designed specifically for them there is little likelihood that they will be able to acquire jobs. Specific job skills must be one basis on which their total employment capability is built.

Capacity of Vocational Education

1) Diversity and Size of Vocational Education

The vocational education system that is currently in place in the United States stands ready to assist in meeting new challenges. We believe that vocational education has established a long-term record of success which can be effectively used and expanded as a part of the CETA program. We are confident that vocational education as a part of the total education system can assist in most

phases of delivery of the education and training component of the CETA program. This confidence is also substantiated by the performance of vocational education over many years and currently under the Vocational Amendments of 1976.

One of the images of vocational education which we would like to dispell is that of being solely concerned about providing instruction in class-size projects. This image fails to adequately recognize our capabilities. At both the secondary and postsecondary levels vocational educators are involved in identification and recruitment of students, individual referrals of clients to appropriate vocational education programs, career planning, counseling, coordination of work study and financial assistance programs, coordination of work experience and cooperative education programs and job development, placement and follow-up activities.

Annual reports from the U.S. Office of Education show that the number of students enrolled at both secondary and postsecondary programs has continued to increase each year. In addition, the total dollars at the local and state levels which match federal vocational appropriations expanded dramatically between FY 75 and FY 76. The average increase in the state was from $6.53 to $8.48, an increase of 30 percent. Each of these indicators suggests that the acceptance and expansion of vocational education at the local level is receiving the support of students, local and state boards and legislatures and the general public.

2) Benefits and Outcomes for Vocational Education Students

The reasons for this support are suggested in a synthesis of research findings conducted since 1970 which describe selected benefits and outcomes for participants in vocational education. This work was prepared in October 1977 by a member of the Planning Office of the USOE Bureau of Occupational and Adult Education, Douglas Sparks. Sparks conducted a comprehensive review of the research which had been completed on vocational education students in the last eight years. He reached these conclusions:

* Students report greater satisfaction from vocational programs than from other educational programs at both the secondary and postsecondary level.
* Studies also report that students from vocational programs find greater relevance in their education in terms of job expectations than do students in other curricula.
* Vocational graduates generally require less time to secure their first jobs and tend to out earn other students.
* Most vocational graduates report that their training was important in the acquisition of their first job, and the great majority rate this prior experience highly.

We believe that in addition to these positive accomplishments which have been substantiated in the research that another observation is pertinent--vocational education is able to accomplish these results with important segments of society that might not adequately be served by academic or general education. To quote from the study, "vocational students are often from lower socio-economic backgrounds, but evaluations of comparative performance of programs seldom take this into account." Perhaps this is one of the most overlooked accomplishments of vocational education when studies are made and opinions formed.

3) Vocational Education as a Stimulus for Economic Development

Much of the real productivity growth in the American economy during the last thirty years has been attributed to a return from educational investment. According to the January 1978 study prepared for the Joint Economic Committee of the Congress, "...in the past, especially since World War II, investment in human capital has resulted in substantial increases in productivity and national income." This return is most dramatic when it occurs in a state or local community as a result of the specific broadening of employment skills.

In communities throughout the nation, vocational education is contributing to the creation of new jobs. As you know, many states have linked their postsecondary vocational-technical schools with state and local economic development. In the past three years, Georgia has spent approximately $135 million in state and federal funds on vocational education and quick start training programs. During that same period, the state attracted 1,234 new and expanded industries with total new capital investment of almost $2 billion. The state of Oklahoma, in 1977, with the aid of their vocational and technical schools attracted 53 new firms and a total of 6,200 new jobs with a capital investment of $553 million. Further vocational graduates comprised a substantial percentage of the one and one half million small businesses in this country with a gross income of less than one half million dollars.

One of the most effective tools vocational education has to improve the advantages of youth and adults in the labor market is the vocational cooperative education program. There are currently 600,000 young adults in cooperative vocational education programs. They are utilizing part-time jobs in the private sector and providing a very important link between the education community and the private sector of business, industry and agriculture. This on-the-job training stimulates access to education programs for economically and socially disadvantaged individuals that would not be available otherwise.

Closely aligned with the development of skills for new industries is the capacity to assist employed workers in developing and upgrading their current skills. Numerous examples of personal success stories exist which illustrate the desirable outcomes from upgrading current employees. First, the employee gains a respect for the employer who is willing to promote from within. Secondly, the employer knows the work habits of the employee who is being upgraded. Finally, the advancement provides job openings at entry levels for job seekers. The obvious ramifications for the typical CETA client make cooperation in this area an asset to both programs.

4) Other Evidence of the Capacity of Vocational Education

A greater utilization of the current system of vocational education for the delivery of CETA is desirable for other reasons.

* Vocational education has demonstrated its ability to develop a sense of social responsibility in youth and adults. The emphasis on human relations and effective use of cooperative education makes this an integral part of vocational education.
* Vocational education has established a relationship of mutual respect with business, industrial, labor and agricultural communities at the local level. One way that vocational educators have developed positive working relationships with these sectors is through program advisory committees. These committees assist with the development and operation of vocational programs. They are often instrumental in the successful placement of students both in cooperative education settings with an employer as well as in full time jobs. As a result of this relationship vocational educators are continually in contact with employers in their work settings.
* Vocational education has an established system to work in close cooperation with CETA prime sponsors at both the local and state level. While there are many areas in the inner cities needing additional space, many facilities in which vocational education programs are conducted have available space for additional CETA activities--especially in late afternoon and evening hours. This inference is based on a preliminary review of data from a study of facility utilization recently commissioned by the USOE Office of Planning, Budgeting and Evaluation. Approximately 25% of the institutions surveyed reported

that CETA activities were occuring within their facilities. This data also suggests that there probably is a higher use of vocational facilities in postsecondary than in secondary institutions. There also appears to be a greater degree of utilization by CETA of institutions in medium and small urban areas and those serving regional populations than those in core metropolitan areas. We believe that this study shows evidence that vocational institutions are cooperating in making their facilities available for CETA and that additional sharing is possible with the appropriate legislation.

- Vocational education state boards through their established links with the rest of education can provide technical assistance to prime sponsors.

This system of technical assistance has been used successfully by many prime sponsors to achieve the coordination and linkages necessary between education and CETA. It can provide even greater services than it has been called upon to do. Experienced and qualified vocational educators are currently assisting in coordinating the planning, evaluation and liaison between secondary and postsecondary institutions as well as working with other delivery systems. This assistance will be increasingly helpful under the new youth title since many prime sponsors will be dependent upon large numbers of diverse local school systems for delivery of this program.

- Vocational education has successful experience with the populations which are currently targeted for special attention in the proposed CETA amendments. These groups are identical to those which were identified in the Vocational Amendments of 1976. At both the state and local levels vocational educators are developing and expanding their efforts and expertise in providing unique programs for the groups.
- Vocational education has traditionally been subjected to closer accountability for its benefits to students than have other disciplines--academic and general education at both the secondary and higher education levels, for example are not held to the same high effectiveness standards. We are pleased that our performance a a system has earned the increased support of employers, students and policy makers at the state and local levels. We recommend that the committee take this capability into account as increased responsibilities in CETA are considered.

We believe that the established vocational education system can respond effectively to the challenges inherent in the proposed expansion of CETA programming once you resolve the question of coordination, cooperation and linkages between the two systems. We know that this response could generate a need to build the capacity of vocational education in some geographic areas and urge this concept be considered when judgements are made concerning the effectiveness of vocational education to CETA.

Congressional Action to Link CETA and the Vocational Education Amendments of 1976

The Congress is to be commended for the direction taken in the Education Amendments of 1976 to ensure cooperation and planning. This law specifically recognizes the need for consideration of all manpower and training resources within a state in the development of the state plan for vocational education. The Amendments further ensure that cooperation and communication will occur by requiring that a representative of the State Manpower Services Council serve on the State Advisory Council for Vocational Education. The Advisory Council for Vocational Education is further charged to consult with the State Manpower Services Council. The inclusion of comments of the SMSC in the advisory council's annual report is also mandated and a representative of the SMSC must serve on the committee developing the state five year plan. Finally, the coordination of programs funded under the Vocational Education Amendments must be related to and coordinated with programs under CETA.

The efforts of Congress in 1976 call for another step to be taken at this time. Programs of the magnitude of CETA and vocational education cannot be coordinated into effective operation if only one side is mandated to be responsive. The vehicles are in place to provide for effective delivery of education and training services to the CETA client. Congress should now take the next step to link these vehicles together.

One of the most significant actions taken by Congress in 1973 was the establishment of a set aside to improve the linkages between the systems delivering services under CETA and education programs under the Vocational Education Act. The 5 percent funds to the State Boards for Vocational Education have been used effectively to provide for vocational education and services to CETA participants.

Department of Labor figures show that the funds have been used for a variety of purposes--including the provision of direct instructional and support services to clients, and the purchase of technical assistance from the state vocational education board for program operation, administration and training allowances. The most outstanding effect of the 5 percent set aside has been that it has officially brought vocational education and prime sponsors together--working together cooperatively, making use of shrinking resources and preventing unnecessary duplication of programs and services. In many cases, this initial mandated contact has caused prime sponsors and vocational educators to continue collaborating beyond the minimum required by the Act.

It is encouraging that the administration's bill recognizes the importance of these linkages, however, we feel that adjustments need to be made to the administration's bill so that a more definitive role is understood for the State Boards for Vocational Education and the 5% set aside is funded to the state in order to ensure equal partnerships and not one-sided linkages.

Recommendations

The members of the American Vocational Association are pleased with the substantial improvements the administration's bill proposes for improving the job readiness of our citizens. We are, however, concerned that a lack of coordination, cooperative planning, and sound communication will result in confusing and contradictory systems. This outcome would not only be extremely expensive, it would also result in confusion to those persons for whom the systems were designed. We believe that our proposals will minimize the chances of this occuring. Specifically, the following amendments are recommended for your consideration:

1) STRENGTHEN THE PLANNING PROCESS FOR THE EDUCATION AND TRAINING COMPONENTS OF CETA.

The Administration is to be commended for recognizing the need for a planning process for the employment and training programs within CETA. They have attempted to address one of the most crucial problems in providing services to people. However, there is a need to further refine the planning process contained in the bill. At the same time, they have not provided for a process of linking the established education system into the planning of education and training services for the CETA client.

The following proposed amendment addresses a comprehensive planning process for education and training programs funded under CETA and provides for linkages between them and other federal interests in vocational education. The key ingredients include the charge to the prime sponsors planning council to determine the needs for education and training and develop an operational plan for education and training in the prime sponsor area. This is to be done with no increased paper work or additional groups to be involved.

Proposed Amendments to H.R.11086 and S.2570
To Strengthen the Planning Process for the Education and Training Components of CETA and Involve the Education Community with the CETA Prime Sponsor

Page 9, before the semi-colon at the end of line 12, insert the following:

, including the education and training annex required by section 214 for coordinating training programs funded under all parts of this Act;

Page 9, after line 11, insert the following:

"(2) provisions for making the education and training needs projection required by section 113;

And renumber the following clauses accordingly.

Page 29, after line 25, insert the following new section:

"Education and Training Needs Projection

"Sec.113(a) Each prime sponsor shall prepare, and periodically update an education and training needs projection which shall identify the current and future education and training needs of the area served by the prime sponsor.

"(b) In order to prepare the projections required by subsection (a), the prime sponsor shall make a continuing study to identify the current and anticipated education and training needs of the area it serves and of the number, size, and types of programs both institutional and community based which must be carried out to meet such needs. Such study shall -

"(1) include a demographic analysis of the area, including the characteristics of potential program participants with respect to their educational levels, and their job skills by occupations and skill level,

"(2) take into account the effects implementation of area and regional development plans will have on the employment and training needs of the area,

"(3) take into account the effect increasing the number of qualified workers in the area will have to increase the number of job opportunities which will become available, and

"(4) identify the extent to which the education and training capacity of the area is being utilized and must be expanded through personnel training programs and the acquisition of facilities.

"(c) In making the study required by subsection (b), the prime sponsor shall seek the active participation of representatives of business and industry, labor, agriculture, secondary education, vocational and occupational education (including institutions providing postsecondary programs of vocational or occupational education),

and units of local government. It shall make a special effort to coordinate its activities with those of the private industry council established under title VII. In making such study, the prime sponsor shall take full advantage of (1) information and technical assistance provided under the Governor's Coordination and Special Services Plan, (2) information derived from the comprehensive labor market system and job bank and matching program, and (3) the occupational information system implemented by the State occupational information coordinating committee.

"(d) The prime sponsor shall designate a subgroup of its planning council (hereinafter referred to as the 'education subcouncil') as its agent for the preparation of the education and training needs projection. The recommendations of the education subcouncil shall not be adopted by the prime sponsor until the full planning council has been afforded an opportunity to review and comment upon such recommendations.

Page 69, after line 5, insert the following new subsection:

"(c) No prime sponsor shall use funds allocated to it for a fiscal year under section 202(a)(2) unless the annual title II program supplement for that year includes an education and training annex meeting the requirements of section 214, and such annex has been submitted to the State board or agency designated or established under section 104(a) of the Vocational Education Act of 1963, for review and comment.

Page 69, after line 10, insert the following new section:

"Education and Training Annex to Title II Program Supplement

"Section 214(a). Each prime sponsor shall prepare annually, with the active participation of its planning council, an education and training annex to its title II program supplement. Such annex shall -

"(1) set forth a comprehensive plan of education and training, and auxiliary services, to be offered under this title, and the coordination and linkages with programs funded under other federal acts.

"(2) describe in detail programs and projects for education and training, and auxiliary services, to be carried out by it under other titles of this Act, but tne Secretary may waive this requirement with respect to a particular program or project in unusual circumstances,

"(3) show how, and to what extent the proposed plan will meet the needs identified in the prime sponsor's education and training needs projection required under section 113, and how such program will meet the needs for education and training, and auxiliary services, to complement or be a component of unemployment programs carried on under this Act,

"(4) show evidence that in the development of the comprehensive plan there has been a continuing process of consultation with other interested groups in the area, including local advisory councils established under section 105(a) of the Vocational Education Act of 1963 and the private industry council established under section 704.

"(5) set forth the criteria which have been developed for coordinating vocational education programs assisted under the Vocational Education Act of 1963 with manpower training programs conducted under this title, and show that such criteria have been observed in the development of comprehensive plan,

"(6) show evidence that vocational education services to be provided under section 204 are incorporated as a part of the comprehensive plan,

"(7) describe in detail each course or other training program to be offered,

"(8) set forth objective criteria to be used in selecting the institution, agency or organization to provide the courses and programs described in paragraph (7).

"(9) set forth the process whereby objective program criteria has been developed for use by institutions, agencies, organizations, public and private, providing training opportunities offered under this act,

"(10) provide, to the extent feasible, for the utilization of public institutions, agencies, and organizations which are already in existence and either have existing capacity to provide needed services, or whose capability to provide needed services can be readily expanded,

"(11) set forth plans, where appropriate, to improve the capability of local education agencies to deliver education and training programs in the prime sponsor area,

"(12) show appropriate provisions for linking education and training programs with public service employment, work experience and subsidized employment programs in this Act.

2) PROVIDE FOR A CLEARLY DEFINED ROLE FOR THE STATE BOARDS FOR VOCATIONAL EDUCATION IN CETA.

There is conclusive evidence that coordination of programs funded under CETA with those in vocational education helps to increase overall effectiveness and eliminate duplication. The capability of vocational education to address the unique needs of CETA clients is well documented. However, the administration's bill does not address, adequately, the needed linkages required for the State Boards for Vocational Education to assist all education agencies with active involvement in CETA. This weakness of the administration proposal is exemplified by the speculative attempt to remove the 5 percent set aside funding from the state level and allocate it to the prime sponsor. It is very important for Congress to define the State Board for Vocational Education's role in CETA with the continuation of a minimum of 5 percent of the proposed title II funds to implement that role.

The following proposed amendment addresses a greatly expanded concept of why the 5 percent set aside for vocational education is necessary.

It provides for linking vocational education into the mainstream of programs affecting the economic growth and development of the state and it strengthens the coordination between the CETA prime sponsor and the vocational education community. In addition, it proposes that the 5 percent set aside be maintained at the state level.

Proposed Amendment to H.R.11086 and S.2570
To Provide for a Clearly Defined Role for the State Boards for Vocational Education in CETA Through a 5% Set Aside

Page 62, line 9, after allocated, insert "to states" and delete "among prime sponsors."

Page 64, line 17, after "Sec.204" substitute the following:

(a) from the funds available for this section the Secretary shall provide financial assistance through Section 105, the Governor's Coordination and Special Services Plan, to State Boards for Vocational Education to provide needed vocational education services in areas served by prime sponsors. Funds shall be used only for providing assistance to prime sponsors and vocational education and services to participants in programs under this act and shall include but not be limited to:

(1) coordination activities which enhance the further utilization of vocational education in the economic growth and development of the state.

(2) activities that utilize vocational education in the tailoring of quick start training services to meet the needs of new and expanding business and industry in areas of high unemployment.

(3) programs of cooperative vocational education for unemployed youth and adults.

(4) programs initiating linkages between small business projects and vocational education.

(5) provision of technical assistance to the prime sponsors in the area of staff development, curriculum development and data and information.

(6) programs developing linkages and coordination between vocational education and programs of public service employment.

(7) activities of upgrading and retraining for unemployed and underemployed adults.

(8) coordination of vocational education into the planning required by this Act.

Page 65, delete (b) line 1, 2 and 3.

The recommendation to provide for funding the State Boards for Vocational Education through the state and to provide for linkages with the Governor's Coordination and Special Services Plan is made to assure the maximum utilization and non-duplication of vocational education and CETA funded programs within the state. The concept of providing funds to the governor's office to develop state linkages is sound, however, 4 percent of the title II funds as called for in section 202 cannot address the planning requirements, the linkages needed and the services required. There should be consideration given to allocating 15 percent of title II through the Governor's Coordination and Special Services Plan in order to fund effectively the State Boards for Vocational Education and also adequately discharge their other responsibilities.

3) DEFINE THE LOCAL EDUCATION AGENCY TO INCLUDE POSTSECONDARY AS WELL AS SECONDARY VOCATIONAL EDUCATION DELIVERY SYSTEMS.

There is a need for the CETA prime sponsor to have access to all delivery systems funded by public tax monies. The public postsecondary institutions in the states are rapidly moving into a prominent role to deliver services to the CETA client. The administration proposal to limit the definition of the local education agency to only elementary and secondary agencies is not realistic.

The following amendment proposes to define the local education agency as is currently defined in the Education Amendments of 1976 (PL 94-482).

Proposed Amendment to H.R.11086 and S.2570
To Define the Local Education Agency So As To Include Postsecondary As Well As Secondary Vocational Education Delivery Systems

Page 51, line 9, delete all after agencies on line 9 and insert the following:

"means a board of education or other legally constituted local school authority having administrative control and direction of public elementary or secondary schools in a city, county, township, school district or political subdivision in a state, or any other public educational institution or agency having administrative control and direction of a vocational education program."

Line 10, delete.

Line 11, delete.

Mr. Chairman, members of the subcommittee. Thank you for your consideration to the recommendations offered by the American Vocational Association. We are available to assist you in any way that we can and offer our services to you or your staff if we can expand upon the ideas and recommendations set forth in this testimony.

National Advisory Council on Vocational Education

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John W. Thiele, *Chairman*
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CETA REAUTHORIZATION

TESTIMONY

by

THE NATIONAL ADVISORY COUNCIL ON VOCATIONAL EDUCATION

Roman C. Pucinski
Chairman, Legislative Committee

before the

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

COMMITTEE ON HUMAN RESOURCES

U. S. SENATE

March 10, 1978

Marvin J. Feldman • Russell H. Graham • Nola Harris • Caroline Hughes • Thomas A. Jackson • Walter K. Kerr • Virla R. Krotz
Esther Lovens • Malcolm R. Lovell, Jr. • Donald N. McDowell • Gwendolyn Newkirk • Robert B. Pamplin, Jr.
JoAnn Parenti • Irene E. Perotto • Roman Pucinski • Arthur F. Quern • Roger Semerad • Kenneth M. Smith

MR: CHAIRMAN:

In revising the CETA legislation, the original concept -- to provide employment and training to assist individuals in making the transition to unsubsidized jobs -- must be re-emphasized and strengthened.

This can be done by providing for the full participation of vocational education, the private sector, and other state and local agencies, in the planning and delivery of CETA programs. Better planning and accountability need not compromise the autonomy and flexibility of prime sponsors, but should assure that all resources available to tackle the problems are utilized. The purpose should not be to restrict the prime sponsor's programs, but to enhance them in order that we have a truly Comprehensive Employment and Training Act.

If we can provide for coordination of CETA programs with vocational education and other state services, and with the private sector, we should be able to get CETA back on the track.

With the recent decline in the unemployment rate, it is more important than ever that CETA funds be targeted more precisely on the education, training, and work experience needs of the structurally unemployed in order to equip them with the skills they need to compete for unsubsidized jobs. The alternative is a continuation of the public service job syndrome, which creates a dependency on public assistance and provides the individual with no incentive to move into a regular job. There is also a tendency to turn many CETA jobs into make-work jobs, which offer little in the way of skills or useful experience to the persons involved.

In his State of the Union Address, President Carter announced that the United States has reached a $2 trillion dollar Gross National Product. We have figures which project that in just 120 months, that amount will double to a $4 trillion Gross National Product. In just ten years, we will have doubled the figure that it took us 200 years to reach.

By 1985, we will need 17 million workers for new jobs caused by expansion of the economy, and 45 million others to replace those who die, retire, or leave the workforce for other reasons. We are talking about 62 million jobs in the next seven years.

That shows the kinds of opportunities that will be available in the near future. But the hard-core unemployed will not benefit one iota from this tremendous growth unless CETA is targeted on them, and offers education and training which will permit them to be part of that future.

That is the contribution that CETA can make, and if we do not take advantage of the opportunity, we will still be sitting here in 1990 wondering what to do about the hard-core unemployed.

There has not been sufficient emphasis on training, under CETA, to provide individuals with the skills they need to make it on their own when the program ends. Too many CETA workers are going back on unemployment, or are switching from one title to another. They are not finding their way into unsubsidized jobs.

The purpose of CETA -- and let me use the words of the GAO Report of last April -- was to provide transitional employment, along with "training, and other related services, so that the participants can move

into employment not supported by CETA." It was also "to make sure that such training and support services lead to maximum opportunities and the improved self-sufficiency of program participants."

The report points out that some CETA participants, who were transferred from the Emergency Employment Act, have been on Federal support since 1971, or 1972. For the prime sponsors reviewed, the total number of terminated participants for the year under study (FY 1975), under Title II, was 5,419. Only 1,152 obtained unsubsidized jobs. An additional 777 enrolled full-time in academic or vocational schools, entered the Armed Forces, or enrolled in another manpower program. The remaining 3,490 were listed as non-positive terminations.

I mention the figures for Title II because, again quoting from the GAO Report, "It was designed to aid these structurally unemployed persons in gaining work experience and training so they could hold unsubsidized jobs." The report states that participants received little formal training, and the training objectives of CETA were then disregarded.

One of the conclusions of the report -- which the National Advisory Council would strongly endorse -- is the following:

> "Moving CETA participants from federally-funded jobs to unsubsidized employment or training needs to be stressed. Although the emphasis on transition was lessened with the high level of unemployment created by the economic downturn, and by changes made by the 1974 CETA Amendments, sponsors must strengthen transition efforts if participants are to obtain lasting program benefits."

I would add to that, and emphasize strongly, that education and training must be a strong and integral part of that transition effort if CETA is to be effective as a manpower development tool, directed at the structurally unemployed.

As the economy improves, many CETA workers who had been laid off their regular jobs will find their way back into the economic mainstream, through reliance on their skills and experience. The structurally unemployed -- most of whom are young and disadvantaged -- do not have skills or experience to fall back upon. They are the unchanging quotient in the unemployment statistics. Despite improvements in the employment picture, the jobless rate for black teenagers in urban areas remains critical.

According to this January's Economic Report of the President, over 4 million new jobs were generated in 1977, the great majority of them in the private sector. Employment in manufacturing grew 4 percent, an increase of 762,000 jobs. Construction employment grew 10 percent, providing 359,000 new jobs. Service industries provided an increase of 2 million jobs.

Government employment grew 2.6 percent during 1977, considerably less than the private sector. Most of the growth was in state and local government, which grew by 392,000 jobs. But over 200,000 of these jobs were financed under CETA, and are not permanent jobs. This resulted in an overall unemployment rate of 6.4 percent by December, 1977, a 3-year low. The unemployment rate attributable to job loss -- the countercyclical aspect -- fell from 3.8 percent at the end of 1976 to 3 percent in the fourth quarter of 1977.

Clearly, structural unemployment remains our greatest problem. Despite the overall improvement in the economy and the growth of jobs, the black unemployment rate remained unchanged at 13.4 percent. The rate for black teenagers rose from 36.6 percent to 38.3 percent. (The rate for white teenagers was 14.1 percent.) The report speculates that many black youth are not counted in these tabulations, and that the true rate of black teenage unemployment may be closer to 57 percent instead of 38 percent. This would represent an additional 500,000 unemployed persons. The report states: "... this relative difficulty /of Blacks/ in finding employment has apparently increased during the past four years."

These tragic figures suggest that CETA has not adequately focused on the problems of the structurally unemployed, has not served those who need assistance the most, and has not provided the education and training which would qualify them for new jobs in an expanding economy.

They also prove once again the lesson that you cannot assist the hard-core unemployed simply by exposing them to minimal entry-level skills, while ignoring other basic deficiencies in education, and expect them to hold a job. We must deal with the total person and provide basic communication skills, when necessary, to enhance job skills. We must not repeat the mistakes of the past and think that we are helping people by putting a rake or a shovel in their hands. We must provide an educational component if we hope to do better than we have done in the past.

In considering the re-authorization of CETA, the National Advisory Council on Vocational Education believes that the revised statute should reflect the following recommendations:

NACVE RECOMMENDATIONS

1. The Council urges financial assistance to prime sponsors to carry out programs for disadvantaged individuals, including young adults, who face special difficulties in entering or re-entering the labor market, including arrangements for on-the-job training and cooperative education programs with private employers.

2. Free vocational education should be made available to all persons in such programs, in accordance with the needs of the work-force and the initial needs of the individuals for entry-level skills, or upgrading of skills.

> Vocational education means all the skills required to qualify for and hold a meaningful job, including specific job skills and basic skills for employability, such as reading, spelling, calculation, etc.

3. Referral to training programs, and the matching of individuals with job openings, should take into account the mobility of the population. Training programs should not be geared only to the needs of a local labor market, but should not exceed national needs. Travel associated with training and relocation expenses as part of an approved placement program, should be permitted.

4. Title II (current Title I) training funds should be used only for training, related services, and work experience connected to the training program. These funds should not be diverted to public service employment. However, the combining of public service employment and training programs should be encouraged so that public service employment for the structurally unemployed has a training component, through on-the-job training, cooperative education, work-study, or other appropriate arrangements.

5. Cooperative education programs, in conjunction with the private sector, should be encouraged. The new CETA title for initiatives in the private sector should include strong encouragement of co-op programs.

6. The goal of the legislation should be the transition of the unemployed to unsubsidized jobs. The majority of those jobs will continue to exist in the private sector. Authorization should be provided for the creation of Joint Labor-Management Councils to work with prime sponsors, education administrators, community-based organizations, and others, to facilitate that transition.

7. If there is to be a national commitment to provide training for the disadvantaged, the program cannot be left to chance. Minimum standards of quality must be established for CETA-funded training programs, and there must be better monitoring of the programs.

8. Statistics on job openings must be provided to CETA planning councils, comparable in scope to unemployment data.

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9. Prime sponsors must be fully involved in the national commitment to provide the structurally unemployed with the training and assistance they need to move into the mainstream, and up the economic ladder. CETA must provide more than merely temporary subsistence and maintenance. In order to honor this commitment, the prime sponsor's plan should spell out in detail how the training program is coordinated with existing, on-going programs and resources at the local and state levels, such as vocational education, community colleges, state employment service, and other activities. Requirements for coordinated planning, similar to the requirements for the coordination of vocational education and CETA contained in the Vocational Education Act, should be included in the new CETA legislation.

10. Special incentive funds should be authorized, similar to the Tier I demonstration project grants under the Youth Employment Act, which would be awarded to prime sponsors who put together well-coordinated model programs, making optimum use of existing education, training, job creation, and placement resources, resulting in a truly comprehensive employment and training system.

11. Funding for the proposed Title II training programs should be increased to a level adequate to carry out these recommended objectives.

12. Present reporting procedures make it difficult to determine how CETA funds are being spent. The Department of Labor should require more complete data and information on the allocation and use of CETA funds by prime sponsors.

The National Advisory Council on Vocational Education supports those aspects of S. 2570, and H. R. 11086, which require better targeting of the disadvantaged, separate the structural and counter-cyclical provisions, place greater emphasis on education and training, strengthen comprehensive state planning, and provide for greater participation of the private sector.

TITLE VII

We strongly endorse the purposes of the proposed new Title VII. The involvement of the private sector cannot be too greatly emphasized, for it is here that job growth and economic stability are rooted. We must never look upon public service employment as an alternative to jobs in the private sector. Public service employment is an interim measure which must be predicated upon government policy to promote economic and job expansion. The private sector must be involved in that policy development, and in policies to train people for the work force of the future.

Of particular importance are those provisions of Title VII which link education, training, and work experience. Vocational education has many years of experience in working with the private sector in cooperative education programs. Under these programs, individuals divide their time between classroom training and related on-the-job experience for which they receive credit toward graduation. Employers who hire persons as part of cooperative education programs become familiar with their work, and are able to watch their progress. They are more inclined to create new jobs for them, or phase them into permanent jobs, as vacancies occur.

Cooperative education programs have been authorized and funded under the Vocational Education Act since 1968.

We urge special consideration of the expansion of cooperative education programs under Title VII, which would permit reimbursement of added costs to employers for on-the-job training, as is provided in Section 122 of the Vocational Education Act. Such programs should be geared to training individuals for jobs in new or expanding industry, or, as it is stated in the language of the Vocational Education Act, "provide training opportunities that may not otherwise be available."

I suggest that the Subcommittee study the provisions of Section 122 to see how they may be coordinated with Title VII.

We believe that Title VII should take advantage of the expertise of the vocational education system in cooperative education programs, and of the linkages which have been established under these programs between vocational education and the private sector throughout the country.

Vocational education administrators of cooperative education programs should be included as members of the Title VII councils, and participate fully in the planning of these programs. Wherever possible, the existing cooperative education programs under the Vocational Education Act -- which are targeted to areas with high rates of school dropouts and youth unemployment -- should be expanded. These programs have been extremely successful and are the best vehicles available for the orderly transition of people into the private jobs sector.

Forty percent of the senior students in Taft High School in my ward in Chicago have part-time employment. I cannot emphasize enough what a rewarding impact this has on these students. It gives them money; gives them pride; and gives them an appreciation of work habits.

The most recent national studies show that reading skills are going down among nearly all students, including gifted students. The one group which showed improvement in reading skills was the group of students with part-time jobs. Happily, our lowest delinquency rate is among these young student workers.

A massive expansion of cooperative education programs -- with some alterations as necessary to fit the special requirements of CETA, and to include adults -- could have the same effect all over the Nation. Through cooperative education, we could reach thousands of disadvantaged persons who have dropped out of school, and provide them the total range of services needed to make them employable.

Joint Labor-Management Councils, similar to those proposed in Title VII, would be a major step toward greater involvement of the private sector. The Councils should include small business and individual entrepreneurs, as well as major business and organized labor. The Economic Report of the President reported a sudden spurt in the number of self-employed workers in the past year. After a steady growth since 1967 of about 1.1 percent per year, the number of self-employed workers in the non-agricultural sector increased by 5.6 percent in 1977, accounting for over 10 percent of the net employment growth for the year.

These Councils should develop programs to help individuals set up small business and engage in entrepreneurship activities, as well as develop cooperative education programs and other activities listed in Section 706.

We do not think that the involvement of the private sector through these Councils should be limited only to Title VII. Their advice and participation should extend to the entire Act. They could facilitate the coordination of employment and training provisions under all titles, the transition of individuals to unsubsidized jobs, and the linking of CETA program planning to community and economic development plans. While supporting the creation of joint labor- management councils, at the same time, we would like to point out the danger of a proliferation of councils. The Subcommittee should look carefully at the number of councils already existing under CETA and the Vocational Education Act to determine which existing councils might be altered, or augmented, to take on these functions.

At the local level, you have prime sponsor Planning Councils and Youth Councils under the Youth Employment and Demonstrations Project Act. Under the Vocational Education Act, you have local and regional advisory councils on vocational education, which are made up predominantly of business and labor representation. In addition, nearly all vocational education programs in public schools and community colleges have program, trade, or craft advisory committees. These are made up of local business and labor persons who help insure that programs and curricula are up-to-date with the latest technology, and assist in cooperative education programs, and placement.

These program advisory councils are not required by law. They have been traditionally a strong part of the vocational education system, and are the basis of the good relationships which exist between vocational education and the private sector in most communities. We urge CETA prime sponsors to take advantage of this long-established, and well-working relationship between vocational education and the private sector. Many prime sponsors are already doing so. Erie, Pennsylvania, is a good example. The Erie County Vocational/Technical School -- which provides a major portion of CETA training -- has a series of advisory committees. The prime sponsor is represented on two of those committees, one of which is the coordinating committee whose function is to investigate potential funding sources. The school is part of the state education system, but funding comes from a variety of sources, including vocational education, CETA, HUD, and private industry. General Electric set up their own machine shop in the school, at no cost to the institution, in order to train individuals on the same machines they would use in the General Electric plants. The prime sponsor, along with private industry, is also a member of the Craft and Skills Advisory Committee, which helps design the curricula of the school.

(The Erie example is described in the final report of our three-year study conducted by the U. S. Conference of Mayors on The Impact of CETA on Institutional Vocational Education. These studies were included as part of Council Testimony before the House Subcommittee on Employment Opportunities on November 8, 1976, on CETA, and on April 28, 1977, on Youth Employment.)

If the functions of a labor-management council were extended beyond Title VII, it may be more productive to reconstitute the prime sponsor Planning Council to include the desired business and labor representation. In any case, there should be cross-representation between the various councils serving CETA and vocational education.

Comprehensive Planning

We believe that vocational education should be a full partner in CETA, and in order to achieve this, there must be comprehensive state planning which would involve vocational education and other state services. The Vocational Education Act was written with CETA very much in mind. The Act places strong emphasis throughout on provisions requiring coordination with manpower and other related programs at the local and state level. Each local applicant for vocational education funds must spell out what it is doing to coordinate with programs of the local prime sponsor. The State Plan for Vocational Education and the annual accountability report must describe in detail the procedures it has established to coordinate with CETA programs. The State Manpower Services Council is required to be involved in the development of the vocational education plan, and may appeal to the U. S. Office of Education if it is dissatisfied with the plan, as finally submitted.

The new CETA Act should contain similar provisions to require the participation of local and state vocational education administrators in the development of CETA plans in order that the two programs will be as closely coordinated, and complementary, as possible. Such provisions must be

strong enough to permit review and comment by vocational education with respect to the prime sponsor's plan. They must contain some procedure to require that the comments be considered before plans are approved, similar to that in the Vocational Education Act which permits the State Manpower Services Council to petition the U. S. Commissioner of Education for a hearing of grievances.

Attempts should be made to provide for common definitions, common data, and common planning cycles for CETA, vocational education, and other state programs. A strengthened planning and review role by the Governor should not limit the flexibility of prime sponsors, but should provide them with the information and technical assistance they need to design the best possible program. Forward funding should be authorized for those sections of CETA such as Titles II and VII, which involve training, and which are not triggered by the unemployment rate. This would put CETA on the same funding cycle as vocational education and other related state programs, and would make comprehensive planning easier.

There should be minimum standards established for training under CETA, and improved monitoring and evaluation. It would be inappropriate to have national criteria for standards and evaluation under CETA, but the Department of Labor regional offices should provide technical assistance and guidelines to prime sponsors for establishing local criteria. DOL should consult with state vocational education administrators in providing technical assistance. The prime sponsors should be required to involve vocational education administrators in the development of the criteria, which should be included as part of the local plan, and should utilize vocational education expertise in evaluation. Funds should be made available to the state departments of vocational education to provide technical assistance.

As an example of the need for coordinated planning, I would like to submit as part of our testimony, a copy of a letter which has come to our attention from Dr. William H. Lawson, Assistant to the Superintendent of the Ventura County (California) Community College District. The letter concerns the plans of the San Jose Center for Employment and Training to establish programs which would duplicate existing programs in the area, and which would result in an over-supply in the current labor market demand for those occupations in the greater Los Angeles area. There had been no coordination, and the Ventura County Employment and Training Administration was not even aware of the problem.

Utilization of Existing Resources

Prime sponsors should also be required, in their planning document, to provide an inventory of the education and skill training resources and facilities available in their areas, and should make maximum use of these existing facilities.

First consideration should be given to the use of public vocational education and community colleges, as well as community-based organizations such as OIC and the Urban League, which have experience in training, and accredited private schools. The taxpayers have, at great expense, built our public education system, and I do not believe they will be tolerant of a CETA system which puts billions of dollars into duplicate services before making every effort to fully utilize existing resources.

Prime sponsors should not be authorized to establish their own education or training operations, or to contract for such programs by groups which do not have a previous track record of conducting effective training

programs unless existing programs are unable to provide the needed training, or do not meet the criteria for standards contained in the prime sponsor's plan.

If the prime sponsor does not use existing facilities, it should spell out, in its plan, the reasons why it was unable to meet the needs, the special circumstances which required the establishment of new facilities, and assurances that the new facilities will be adequately equipped, staffed with qualified personnel, and will meet the criteria for standards.

Many new contractors have sprung up as a direct result of CETA dollars. They often duplicate existing programs, and do not provide quality training. I am not talking about effective organizations such as OIC, which could teach us all a few tricks about good training. But Reverend Leon Sullivan himself expressed concern at the recent meeting of the National Commission for Manpower Policy about the number of new, community-based organizations, and other contractors who were entering the training field with no track record whatsoever. We know of one organization in the St. Louis area which trained auto mechanics solely out of a textbook. The trainees never actually saw a car engine. If CETA continues to spawn fly-by-night operations which have no credible training experience, we will see a rash of scandals a few years from now when the public starts asking for accountability.

Existing programs -- particularly those in vocational schools and community colleges -- can do a better job of teaching trainees some of the theory behind what they are doing, and the broader application of the skills. This is especially true in cooperative education programs.

Short-term training is a characteristic of CETA, and for good reason. I am not suggesting that all trainees be enrolled in semester-long courses, although in some instances, that might be desirable and should be permitted. However, if the training program is too short and quick, you will only provide minimal entry-level skills for dead-end jobs. Many CETA trainees we have spoken to have learned by rote a mechanical function, but admit that they do not really understand what they are doing, or why. Some degree of theoretical knowledge should also be included so that the individuals will understand the basic concepts involved, and be better able to alter and adapt the skills they have learned to different circumstances in the future.

A study by the National Academy of Sciences (which is confirmed by separate auto industry studies), estimates that by the mid-1980's, we will need twice as many auto mechanics as we did 15 years ago to keep America's cars in maintenance and repair. But the technology will be vastly changed from that which Detroit has applied essentially unchanged for the past 40 years. The new technology includes small diesel engines, rotary engines, electric cars, front wheel drive, computerization, and other new innovations. The individuals who have gone through a quick course and received high grades in general tinkering, but who have not learned any basic theory, will not be able to cope with these changes. They will have little chance to advance beyond the entry level, if indeed they can even keep pace with entry-level requirements.

Since we are investing large amounts of tax dollars in this program, let us set our sights a little higher, and provide the enrollees the best possible training we can, so that they will be able to apply the skills they learn, and advance beyond the lowest rung of the ladder.

It may take a little longer, but the long-run results will justify the effort.

Five Percent Funds for Vocational Education

In our study, The Impact of CETA on Institutional Vocational Education, we found that the five percent set-aside for vocational education has had a positive effect, generally, in bringing about closer cooperation.

For the 74 prime sponsors surveyed, the 1976 Update of the study showed the following average number of CETA enrollees in public vocational education:

In 1975 --	Under the 5%:	248 slots and 392 enrollees
	Under Title I:	653 slots and 1,247 enrollees
Anticipated In 1976 --	Under the 5%:	272 slots and 313 enrollees
	Under Title I:	802 slots and 1,498 enrollees

This indicates that there was from two to three times as much vocational activity funded under Title I as there was under the five percent money.

In our testimony of November 8, 1976, before the House Subcommittee, we stated that "the 5% vocational education funds should be continued ... . Much of the original suspicion, resentment, and misunderstanding is just beginning to be disspelled. The 5% money should now begin to yield results."

We know that in many areas of the country, a great deal more than five percent is now being allocated to public vocational education. Unfortunately, we cannot yet give you precise data. Department of Labor figures lump all Title I classroom training together, and do not distinguish public institutions from private contractors, or community-based organizations. We are presently trying to determine -- with the assistance of the State Advisory Councils on Vocational Education -- exactly how much each prime sponsor is allocating to public vocational education, in excess of the five percent. As soon as that survey is completed, we will provide the information to the Subcommittee.

On the basis of previous studies and spot checks, I can give you some individual examples of the amount of Title I funds, other than the five percent set-aside, allocated to vocational education.

In Alabama, all Title I funds for classroom training go to public vocational education. The amount spent by the six prime sponsors in the state for classroom training -- which was a relatively high 45.1 percent of Title I funds -- totaled $11.5 million in FY 1977. This was in addition to the five percent set-aside, which totaled $1.6 million.

In Chicago, as we pointed out in our earlier CETA testimony before the House, twice as much money goes to vocational education under Title I as under the five percent set-aside. Chicago contracts for all vocational education services, under both the five percent set-aside and Title I, with the Illinois Department of Adult Vocational and Technical Education, which also monitors the programs for the prime sponsor.

In Erie, Pennsylvania, the prime sponsor gives priority consideration in awarding Title I training contracts to public institutions which have successfully provided training in the past. After those agencies have received priority, other former CETA contractors are considered. Only after these two categories have been eliminated, are new program operators considered.

The Virginia Peninsula Manpower Consortium provides the largest part of its Title I training through the local skill center, which is part of the state education system. The center receives three times as much under Title I as it does in five percent funds.

In San Francisco, all Title I classroom training is provided by public schools and community colleges. The prime sponsors provide services and referral through community-based organizations, but the actual training is performed in the schools.

On the other hand, there are many prime sponsors who provide no Title I classroom training funds to public vocational schools, or community colleges. If it were not for the five percent set-aside in those areas, there would be no involvement of the vocational education system in CETA. This is sometimes true of entire states, such as Maine and Vermont, and in other jurisdictions such as Ventura County, California, and some of the prime sponsors adjacent to Chicago.

Despite the many ehcouraging examples of cooperation, and the generally improved relationship between vocational education and CETA, there are still many areas where the five percent mechanism, or some alternative mechanism is needed to ensure coordination of the two systems.

If provisions are written into the Act which will insure full involvement of the vocational education system at the local and state levels, in the planning, implementation, monitoring, and evaluation of CETA training programs, then a numerical set-aside would not be needed. If strong planning and review provisions were substituted for the five percent set-aside, it would be desirable to make technical assistance funds available through the State Board for Vocational Education, to provide assistance to local vocational educators and prime sponsors. Such funds could be provided as part of the Governors' efforts to coordinate CETA programs with other state services, or the funds could be provided from the Secretary of Labor's discretionary funds, and transferred to the Secretary of Health, Education & Welfare, for allocation to the State Boards for Vocational Education. An arrangement similar to the latter provides Department of Labor technical assistance funds to OIC's around the country.

Without such strong provisions, however, the five persent set-aside should be retained. If the five percent funds are retained in the Bill, we see no compelling reason to change the present procedures and allocate the money directly to prime sponsors, as is proposed in the draft Bill. The five percent funds -- as they presently flow -- have generally done what they were intended to do -- bring about greater coordination of the two systems. In those prime sponsor areas where problems still exist, and the five percent has not served as a catalyst for greater involvement of vocational education, we do not see how sending the money directly to the prime sponsor will cause an improvement in the situation.

The studies conducted for us by the U. S. Conference of Mayors show that 64 of the 74 prime sponsors surveyed said they were satisfied with the financial agreements negotiated with the state for the five percent funds. Under the present procedures, states retain a portion of these funds for administrative costs, which are used to provide technical assistance to local education agencies and prime sponsors. We believe that this has been a useful expenditure of funds, and has been a positive factor in bringing about increased coordination. According to CETA rules and regulations, a state is entitled to use up to 20 percent of the state allotment of five percent funds for administrative costs. According to the prime sponsors surveyed in our study, an average of 11.4 percent was used by the state for administrative costs, which is a reasonable amount.

If the revised Bill does allocate the five percent directly to prime sponsors, we believe that provisions should be made to provide technical assistance funds to the State Boards of Vocational Education, as suggested above, since the State Boards would no longer receive administrative costs which they presently use for technical assistance.

We support the proposed language which would prohibit allowances from being paid out of the five percent funds. This has been one of the major sources of contention between vocational education and CETA, according to our studies. That sentence alone should clear up many of the misunderstandings which have existed in some areas.

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MR. CHAIRMAN.

The Humphrey-Hawkins Bill, if passed by this Congress, would establish as a national goal, the fulfillment of the right of all Americans to full opportunities for useful paid employment.

CETA would be one of the major components in achieving that goal. But CETA will fall far short of providing full opportunities for useful and meaningful employment, if it does not put a far greater emphasis on education and training to provide the skills needed for transition to, and advancement in, the real world of unsubsidized work.

A recent study published in the New England Journal of Medicine reveals that the number one cause of death among non-white males is murder -- not auto accidents, or cancer, or heart disease, but murder. There are many social and environmental reasons for this shocking situation, but lack of skills and joblessness are certainly among the root causes.

Obviously, vocational education alone cannot solve all of our problems. It will not expand our economy, create jobs, change society, or prevent murder. It does, however, have the responsibility and the capability to serve those most in need of help by enhancing their skills and employability.

Full opportunities will not be made available until vocational education, the private sector, and other state and local deliverers of services are fully involved in CETA.

There have been many other efforts in the past to deal with the unemployed. There was WPA, MDTA, OEO, Job Corps, NABS, and others. None

were really effective because they all failed to recognize the need for a strong educational component. CETA has an historic opportunity to provide a comprehensive approach which will avoid the mistakes of the past. Let us, in 1978, commit ourselves to a program which makes education a full partner, and offers a full range of services.

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Some say that the education system failed many disadvantaged persons the first time around, and should not be involved in CETA. That kind of disdainful attitude does a great disservice to those who are truly concerned with finding solutions to the problems we are facing today. There are many reasons for failure, and to the degree that education may share in the blame, it is that much more essential that it re-double its efforts the second time around.

Education, and especially vocational education, with its unmatched resources and expertise, has an obligation to see that full opportunities are made available to those who missed out on them earlier.

Congress has the obligation to assure that vocational education is made a full partner in the CETA endeavor, and is involved to the fullest extent possible in the planning, delivery, and evaluation of CETA programs.

Mr. Chairman, members of the Subcommittee

I am Gene Bottoms, Executive Director of the American Vocational Association. It is indeed a pleasure to appear before you today. On behalf of vocational educators who are directly involved in the delivery of education and training services to youth and adults in the United States, I want to express our support for your efforts to reauthorize the Comprehensive Employment and Training Act. Further, I want to offer five suggestions as to how the administration's bill might be revised to more effectively insure that training and other services lead to maximum employment opportunities and enhance self-sufficiency for those to be served. Mr. Chairman, these recommendations are contained in a rather lenghty statement that I hope will be inserted in the committee record. If so I will summarize my statement briefly.

The five changes that we believe will improve the legislation are:

First, the insertion of a planning process into the administration's bill that will strenghten the coordination of vocational education and training carried out under CETA with similar activities already being performed by public and private institutions in the prime sponsor's area.

Second, the inclusion of a clearly defined role for the state boards for vocational education in CETA.

Third, increasing the emphasis on vocational education and training services necessary to move participants into permanent unsubsidized jobs.

Fourth, strenghten the ties between CETA funded education and training programs, and economic development initiatives in depressed areas.

Fifth, define the term "local education agency" to include postsecondary as well as secondary vocational education delivery systems.

Before I address each of these proposed changes in detail, let me first commend the Administration and their Subcommittee for some of the key improvements the bill had made over the existing law. We strongly support:

1. the stringent targeting requirements in the proposed legislation and urge the retention of those provisions;
2. the proposed new title VII and in particular, the linking of institutional based vocational education with work experience through a cooperative approach;
3. the recognition of the need to coordinate CETA funded programs with other initiatives to serve the same client;
4. the efforts to direct CETA resources toward the primary mission of developing the capacity of the structurally unemployed to obtain a stable job.

Now, I will turn to the five specific changes that we would propose to strenghten the coordination of CETA with economic and community development and also with vocational education in a way that would increase the probability that program participants would enter unsubsidized permanent jobs.

First, it is recommended that a comprehensive planning process be developed by the prime sponsor for coordinating vocational education training and related services funding under the several CETA titles so that the services under CETA are either linked or integrated with the permanent primary delivery system for providing these same services in a given community. Such a process should maximize the use of available expertise and resources towards serving the CETA client and should serve to improve the piecemeal approach that is currently being followed.

As a minimun, the proposed planning process for developing the vocational education training and related services plan should answer the following seven questions:

1. Who are the clients to receive vocational education and training services?
2. What are the job opportunities that will be available through replacement and expansion, and what job opportunities are community and business leaders seeking to have available through new and existing business, industry, services and agriculture expansion?
3. What standards or criteria of quality must all agencies public and private meet before they are selected to provide vocational education and training services?
4. Which local institutions can most effectively prepare certain CETA clients for certain occupations with only the addition of subsistance support for clients or supoort for personnel?
5. Which local institutions are in need of CETA capacity development grants (facilities, renovation, equipment, staff development) to enhance their ability to serve current CETA clients or expand services to additional clients?
6. How will the transition into employment be strengthened by linking together vocational education and training services with either public service employment or with part time employment either subsidized or not?
7. What vocational education and training services will be offered to clients by which institutions and at what cost? What impact will the delivery of these services have on similar institutions and programs in the area?

In the development of the vocational education and training phase of the CETA plan, the prime sponsor should designate a subgroup of its planning council as its agent for the preparation of this part of the plan. The full planning council should have an opportunity to review and comment on the vocational education and training plan before it is adopted by the prime sponsor. Those responsible fbr development of this aspect of the comprehensive manpower plan must view vocational education and training services as being supportive of the other elements of the plan.

The final step in the planning process for the vocational education and training phase of the manpower plan would be to have the prime sponsor submit it to the state board for vocational education. We would urge that the state board and prime sponsor be given thirty days to resolve their differences. If they fail to resolve their differences, then the prime sponsor could submit the plan to the secretary of labor and the state board could also file its review and comments.

In the written testimony submitted to the committee, this recommended planning process is in suggested legislative language with references for insertion in the bill.

This suggested planning process offers the advantages of: (a) linking together institutional based vocational education and supportive services with public service employment, work experience, and on-the-job training; (b) linking together resources provided under CETA and the 1976 Vocational Education Amendments to provide cooperative based vocational education to increasing numbers of unemployed youth. Today, over 600,000 youth are participating in cooperative vocational education and are receiving on-the-job training in the private sector. Through CETA, this effort can be expanded by using CETA funds to subsidize the employer for on-the-job

training. Thus, greater numbers of disadvantaged and handicapped in-school and out-of-school youth can participate in a program that provides related basic skills and personal development and vocational skills for credit and that has a substantial record for developing the roots for success that has resulted in automatic job placement; (c) strengthening the capacity of all education for developing delivery systems for addressing clients similar to the current CETA clients on an ongoing basis; (d) integrating the primary system of manpower preparation, education and the auxiliary system of manpower preparation, CETA, in a manner that strengthens the effectiveness of each.

Second, it is recommended that the administration bill be revised to clearly define the role of the state boards for vocational education in CETA with the continuation of a minimum of 5% of the funds in Title II to implement that role.

The two primary roles of vocational education in CETA should be those of:

1. providing technical assistance to the prime sponsors in planning, staff development and curriculum development for programs of education and training.
2. provide vocational education and services to clients in CETA programs under an agreement with the prime sponsors that involves some new ideas we are proposing. Some of these new ideas for the role of the state board for vocational education would include:

   (a) developing and delivering tailored quick start training services to meet the needs of new and expanding business and industry in areas of high unemployment.

   (b) initiating cooperative vocational education for unemployed youth and adults.

(c) developing linkages between vocational education and public service employment.

(d) delivering upgraded training for underemployed adults so as to create new entry level jobs and delivery of vocational education to unemployed youth and adults.

Further detail on this recommendation is contained in the written statement presented to the Committee.

This suggested role for the state board for vocational education in CETA offers the advantages of:

(a) linking together the federal resources of CETA and vocational education toward their common purpose;

(b) getting prime sponsor leaders to recognize the potential that vocational education can play in job creation through cooperative vocational education and in providing tailored services to expanding new industries;

(c) dispelling the view that vocational education programs are rigid and institutional based;

(d) creating a broader awareness of the unique role that vocational education is playing in many states and communities as a partner in their economic development team.

Third, it is recommended that greater emphasis be placed on education and job training in the new CETA authorization by limiting Title II to vocational education and training activities and by making vocational education and training a prerequisite for the structurally unemployed to obtain a public service job under Title VI.

For the structurally unemployed - especially youth, minorities, displaced homemakers or persons who end up on welfare services because they can't find work - vocational education and training that is simultaneously coupled with useful work must be a major emphasis in CETA. For the structurally unemployed youth of today - those without the quality that make for success - there is no short cut to employment and stable jobs for tomorrow. These youth need a tough and demanding vocational education and training program that is carried out by caring and competent staff. The acquisition of basic skills, job skills and personal skills that are roots for success are more likely to occur in an indepth long term education and training program that is linked to either a public service or subsidized private sector job. As the number of new jobs exceeds the number of new entrants into the labor force - education and training becomes the basis for acquiring jobs. The changes we proposed in the Comprehensive Employment and Training Act would have the consequence of:

(a) eliminating the confusion that exists by having both public service employment and education and training in two titles;

(b) increasing the proportion of CETA funds expended for vocational education and training beyond the 20% that some estimates show is currently being expended under Title I;

(c) devoting increased emphasis to quality occupational skill training that can assist participants to move into permanent jobs.

Fourth, we strongly endorse the proposed new Title VII with initiatives for job creation in the private sector. However, the Administration bill does not provide sufficient encouragement nor incentive to state and local prime sponsors for developing and implementing a comprehensive economic development initiative for depressed inner cities and rural areas. This should encourage state and local officials to examine factors that prevent existing and new business and industry expansion into a given area and to set into motion efforts to develop a more favorable climate. People either have to be moved to where the jobs are or we must change the incentives so that jobs move to

the people. We would suggest that this section can be strengthened by the insertion of the following concepts.

First, we suggest that a private industry and agriculture council be established for those areas in a state with exceedingly high unemployment. Many small cities, towns and farming areas fail to even apply for CETA funds, whether knowingly or unknowingly. Therefore, this section is to provide for the unique identification of private initiatives for job creation in rural America. The purpose of the council shall involve, but not be limited to the promotion of programs which:

(a) preserve and improve the small family farm as a viable economic unit for part-time and full-time employment and entrepreneurship.
(b) identify and develop opportunities for farm and non-farm employment in small towns.
(c) funds projects to be conducted by institutions providing vocational education to meet rural manpower needs, including those engaged in farming operations.
(d) fund employment of youth in programs where small business operations cooperate in the training of youth through on-the-job training.
(e) prepare rural people to set up, finance, and operate a small business.

Second, we urge special consideration of the expansion of cooperative programs unders Title VII, which would permit reimbursement of added costs to employers for on-the-job training, as is provided in section 122 of the Vocational Education Act. I suggest a study of the provisions of section 122 to see how they can be coordinated with Title VII.

Third, under section 706 of Title VII, we urge the inclusion of support for vocational education to provide programs that are related to job creation activities. These programs would include but not be limited to:

(a) the tailoring of quick start training programs to prepare disadvantaged and handicapped individuals for jobs in new and expanding industries;

(b) providing training programs and services for small business managers designed to aid their survival and expansion

(c) delivering a continuing industrial service to business and industry designed to update and upgrade skilled workers so as to create entry level jobs for unemployed persons. Through vocational education, these services are being delivered already in some communities and their capacity must be developed on a permanent basis in all communities.

These suggested changes would serve to create an ongoing capacity for vocational education to be a critical dimension of economic growth and development in those states and communities where their capacity has never been developed.

Fifth, we recommend that local education agencies be defined in the act to include postsecondary area vocational-technical schools, technical institutions, and community colleges that are not under the governing structure of the local elementary and secondary boards of education. Currently the administration's proposal limiting the definition of the local education agency to only elementary and secondary agencies is not realistic. The postsecondary institution must be encouraged to serve the clients funded under CETA and they have much to offer to the CETA prime sponsors.

Mr. Chairman, members of the Subcommitte. Thank you for your consideration of the recommendations offered by the American Vocational Association. We are available to assist you in any way that we can and offer our services to you or your staff if we can expand upon the ideas and recommendations set forth in this testimony.

Senator RIEGLE. Finally, the last two witnesses this morning are Ann Schmitt, who is the director of the Women in Employment, Women's Lobby; and Joyce Hartwell and Marilyn Adams, National Women's Political Caucus, and we are pleased to have you.

Ms. Schmitt, would you like to go first? We will make your full comments a part of the record.

STATEMENT OF ANN SCHMITT, DIRECTOR, WOMEN IN EMPLOYMENT, WOMEN'S LOBBY, ACCOMPANIED BY CAROL BURRIS, PRESIDENT, WOMEN'S LOBBY; AND JOYCE HARTWELL AND MARILYN ADAMS, NATIONAL WOMEN'S POLITICAL CAUCUS

Ms. SCHMITT. Mr. Chairman, members of the subcommittee, I am Ann Schmitt, director of employment programs for Women's Lobby. We work solely on Federal legislation——

Senator RIEGLE. Could I ask you to turn up the volume a little bit, because we want to hear you. You might want to pull that mike closer to you and speak a little louder.

Ms. SCHMITT. We work solely on Federal legislation pertaining to women.

In 1977, women made up 41 percent of the labor force in the United States, yet we were 47.5 percent of the unemployed with an unemployment rate of 8.2 percent, compared to 6.2 percent for men.

The latest Department of Labor figures show that women earn 59 cents for every $1 men earn on the average, down from 63 cents in 1956.

Although age and educational background affect women's earnings, a woman with 4 years of college will earn only $790 more a year than a man with an eighth-grade education. She will earn $2,200 less than a man with a high school education.

The Council of Economic Advisors concluded that the most important poverty issue in this country may be the increasing identification of poverty with female-headed households.

Since 1959, families headed by women have grown in proportion to all low-income families; they were 23 percent in 1959; 30 percent in 1966; and 45 percent in 1973. Only 9 percent of all American families live below the poverty line. And only 12 percent of all families are female headed.

Ten percent of all white families and 35 percent of all black families are headed by women. We find the disparity in these figures shocking. When women head almost half of the low-income families, sexism must be linked to poverty.

Median income for male-headed families in 1976 was $16,095, while for female-headed families it was $7,211. The care for young children, sex discrimination and the concentration of women in traditional low-paying, dead-end jobs, all contribute to the disparity of incomes.

Clearly, if the Comprehensive Employment and Training Act is to serve the truly economically disadvantaged, a special effort must be made to address the problems of women.

In 1977, women were 47.5 percent of the unemployed. Their CETA participation rate was 48 percent under title I, 40 percent under title II, and 35.9 percent under title VI. These figures are very disturbing because title VI, where women are most underrepresented, accounts for 54 percent of authorized CETA funding. Naturally, the place-

ment to enrollment ratio is higher for men than for women in all titles.

There are four points that we would like to make.

One is the need for stronger affirmative action language under CETA. Prime sponsors must develop baseline data on the composition of the eligible population, including sex, race, and age, and the proportions of each group in the eligibility population.

One problem we have had is that there has been a lack of data regarding discrimination under CETA. We do not know what kinds of jobs women are being put in. We do not know what kinds of jobs the blacks are being put in. We would like to see prime sponsors responsible for baseline data in CETA cross-tabulated by race and sex and age.

Also, that same significant group segment should be on the planning councils in those same proportions.

With that, we would like to see stronger enforcement language. Under the proposed bill, each prime sponsor would be responsible for setting up its own grievance procedures, which gives us something like 400 different grievance procedures. We would like to see a national procedure that would basically be mandatory arbitration, administrative appeal and judicial review under the direction of the Department of Labor.

The other thing we would like to see is some sort of AFDC preference under title II, and if possible, under title VI.

If we are to address the unemployed, particularly the structurally unemployed, I think we have to take a good look at the AFDC recipients, essentially the poorest of the poor. The WIN program has not been satisfactcry in meeting the needs of these people. WIN gives no training. The one thing they do is give two quick typist classes a year. This is the jobs component and it is simply not meeting the needs of the people who are on welfare.

The other issue is displaced homemakers. We would like them included under section III. They are a special group. They fight agism, sexism, and frequently racism. Many of these women have children and are supporting their own families.

The 1976 figures show that 20 percent of white female-headed families live below poverty and an astounding 46 percent of minority female-headed families.

Finally, I would like to mention the employment services.

There has been a fairly strong effort to strengthen the role in employment service into CETA under this new legislation. Employment services has never been a particularly good vehicle for women or minorities in finding jobs. Veterans preference has consistently worked against us. Women were limited to 3 percent of the armed services until the end of the draft in 1973. So they simply have not had access to the system had they wanted to use it. There has got to be some sort of way we can make the employment services more sympathetic and more responsive to the needs of the poor and to the needs of women.

Thank you.

Senator RIEGLE. Thank you very much.

[The prepared statement of Ms. Schmitt follows:]

MARCH/8, 1978

STATEMENT OF ANN SCHMITT

WOMEN'S LOBBY

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR

COMMITTEE ON HUMAN RESOURCES

U.S. SENATE

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Mister Chairman, Members of the Subcommittee, I am Ann Schmitt, Director of Employment Programs for Women's Lobby. With me today is Carol Burris, President of the Women's Lobby. Women's Lobby is a national organization with affiliates in forty states. We work solely on federal legislation pertaining women. It is a pleasure to appear before you today.

In 1977, women made up 41% of the labor force in the U.S., yet we were 47.5% of the unemployed with an unemployment rate of 8.2% compared to 6.2% for men. The latest Department of Labor figures show that women earn 59¢ for every $1.00 men earn on the average, down from 63¢ in 1956. Although age and educational background effect a women's earnings, a woman with four years of college will earn only $790. more a year than a man with an eighth grade education. She will earn

$2200. less than a man with a High School education.

The Council of Economic Advisors concluded that the most important poverty issue in this country may be the increasing identification of poverty with female headed households. Since 1959, families headed by women have grown in proportion to all low income families; they were 23% in 1959, 30% in 1966, and 45% in 1972. Only 9% of all American families live below the poverty line. And only 12% of all families are female headed. Ten percent of all white families and 35% of all black families are headed by women. We find the disparity in these figures shocking. When women head almost half of the low income families, sexism must be linked to poverty.

Median income for male headed families in 1976, was $16,095, while for female headed families it was $7,211. The care of young children, sex discrimination and the concentration of women in traditional low paying, dead end jobs all contribute to the disparity of incomes.

Clearly, if Comprehensive Employment and Training Act is to serve the truly economically disadvantaged, a special effort must be made to address the problems of women.

In 1977, women were 47.5% of the unemployed. Their CETA participation rate was 48% under Title I, 40% under Title II, and 35.9% under Title VI. These figures are very disturbing because Title VI where women are most under-represented, accounts for 54% of authorized CETA funding. Naturally, the placement to enrollment ratio is higher for men than for women in all titles.

FEMALE PARTICIPATION IN CETA (BY PER CENT)

	women as % of unempl.	Title I	Title II	Title VI
1975	45.1%	45.6	34.2	29.8
1976	44.5%	45.9	36.2	34.9
1977	47.5%	48.4	40.1	35.9
% Allocated 1977 CETA funding		15%	12%	54%

CETA TRAINING AND PLACEMENTS- 1977

	Women % Enrolled	Men % Enrolled	Women % Placed	Men % Placed
Title I	51.5%	48.5%	45.6%	54.4%
Title II	54.4%	45.6%	50.6%	49.4%
Title VI	35.9%	61.1%	34.1%	65.9%

AFFIRMATIVE ACTION:

In the current CETA reorganization, the general provisions of the law will be moved from Title VII to Title I. Women's Lobby urges that stronger affirmative action language appear in this section:

1. Prime Sponsors must develop baseline data on the composition of the eligible population, including sex, race, and age, and the proportions of each group in the eligible population.
2. Employment and training services under the Act should be made available to the eligible population in proportion to their representation in the client population.
3. Under utilization of women and minorities in a specific job category for a prime sponsor must be considered a violation of Title I as amended.
4. Reviews for plan compliance be required for reaffirmation. If a

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prime sponsors has significant disprities from affirmative action requirements, s/he is subject to corrective action. Prime sponsors should be reviewed for compliance on a regular basis, once every two years.

5. Target groups should be represented on the planning councils in proportion to the client population. This provision is consistent with the opportunities allocated by target groups.
6. A recommendation that part-time employment be considered by prime sponsors faced with a cut in services.

ENFORCEMENT:

Any review of discrimination complaints by the regional Department of Labor offices is appalling. The statute must articulate specific and binding procedures. The proposed non-discrimination section and complaints and sanctions sections are not enough.

In some jurisdictions, discrimination complaints make up more than 75% of incoming CETA complaints. There is no standard enforcement mechanism to individuals under CETA. Allegations of discrimination may be addressed either by the Equal Employment Opportunity Commission, the state human rights departments or perhaps not at all. This system is not decentralized, it is so ambiguous that it discourages persons from using the law. Some CETA workers are covered by collective bargaining agreements and given an opportunity to redress grievances; but this does not help the potential CETA worker who has been denied a job.

To remedy this defect, it is important to include a standard enforcement mechanism which is available and understandable to all, including prime sponsors and the Federal government. This should be

designed around the arbitration grievance settlement process, with an administrative appeal and judicial review.

Arbitration: Arbitration is a fast, inexpensive dispute settlement process. It was recognized by the Supreme Court as an effective procedure in the Steel Trilogy case in the late 1960's. This process allows individuals to make their claims to the regional DOL offices, where they will be mandated in the law to begin this process.

Administrative Appeal: After the initial arbitration decision, either party is afforded the right to appeal the determination. DOL must delegate a group of administrative law judges for this purpose. Their decisions will follow the same rules which currently govern other decisions made by these judges in other areas of the government where administrative law judges are utilized.

Judicial Review: The arbitration process must have access to the courts for judicial review of opinions. There is already a mechanism for this review, including judicial standards.

Arbitration is both fast and inexpensive. It allows the aggrieved party to make his or her claim in an informal setting, and the arbitrator is not bound by the traditional rules of evidence. DOL, prime sponsors and the individuals are all familiar with the process. Enforcement of antidiscrimination provisions will not fall into the already overloaded agencies which handle other such cases, like the two-year waiting period for EEOC. People who believe that they are being discriminated against will have a process to guarantee their constitutional rights.

Now, DOL's only check on prime sponsor discrimination is funding

termination. In practice, the difficulties in ending funds to a state, county, or municipality offset the advantages. In fact, in the four years of CETA's existence, prime sponsor funding has never been terminated. What is needed is a less drastic sanction. Specifically, we suggest:

1. If a prime sponsor is found to be in non-compliance, a plan for corrective affirmative action must be submitted within six weeks to DOL.
2. If, within six months, the prime sponsor is still found to be in non-compliance, a portion of their funding will be terminated, the amount to be determined by the Secretary.
3. Within an additional three month period, if the prime sponsor is still in non-compliance, the Secretary must terminate funding.

AFDC PREFERENCE

Selection standards under Title II have been improved because they require participants to be economically disadvantaged as well as unemployed, however, we feel a stronger statement of preference for the most disadvantaged is needed under all titles.

AFCD recipients, the majority of whom are women with children, trying to enter the labor force face problems of inadequate education, lack of job experience, home and childcare responsibilities, race and sex discrimination, as well as the "stigma" of welfare. For many of these women, job training and employment through CETA offer the only chance to join the paid labor force and attain any economic independence. CETA prime sponsors have practiced widespread discrimination in the past. Without an explicit stipulation that AFDC recipients have

hiring preference, prime sponsors will continue to neglect them in favor of people who are less in need but easier to place. We suggest a simple statement that CETA priority will be given to AFDC recipients be included in the eligibility requirement sections for the new CETA Titles II and VI.

DISPLACED HOMEMAKERS:

Women who lose their jobs through death and divorce have serious problems entering the paid labor force. The 35 to 65 year old unemployed woman has a poor grasp of her skills, and a vague understanding of the job market. In addition to age and sex discrimination, she faces employers who believe she has never "worked". She is ineligible for unemployment, often ineligible for AFDC, and not old enough for social security benefits.

The Census Bureau, March 1976, reports that there were 4.4 million divorced women who had not remarried, 2 million separated women and 10 million widows. IWY studies show only 14% of divorced women recieve alimony. Similar studies show that life insurance policies for widows are used up in two years. The unemployment rate for women in this age group is 7.3%, compared to 5.6% for men. Among discouraged job seekers, however, women outnumber men three to one. For female headed households, the picture is worse- unemployment was 9.4% for women and only 4% for men. In fact, 20% of white female headed families lived below poverty and an astounding 46% of minority female headed families.

We must attack the problem nationwide. Guaranteed funding and specific mandated programs are best accomplished by including Displaced Homemakers under Title III of CETA.

EMPLOYMENT SERVICES:

There is a strong effort in reorganization to use the U.S. Employment Service as the major intake and search applicant agency for CETA. This would end the duplication of CETA payments for these services. Unfortunately, U.S.E.S. has never been an effective placement service for women and minorities. In fact, they are legally bound to give veterans a 48 hour preview of all job listings and to give vererans preference in placement. This is a disaster for women who, by law, were limited to 3% of the Armed Services until the end of the draft.

Although there are "bonus" points given for placing women and minorities, the funding of the employment service is an incentive system with money given for each placement. Obviously, white men are easier to place and placing enough of them will lead to the same funding level as placing fewer women and minorities. We all know this placement service is an ancillary function to the main task of paying out unemployment insurance from the trust, but a significant proportion of low income people, women and minorities do use this service. At our meeting with Bert Lewis, the U.S.E.S. Director, he was adamant that no real data had been collected by race or sex on either placement or intake. With $89 million appropriation last year, U.S.E.S. installed a computer system to match past experience with current openings, slamming shut the last door to women and minorities for placement in non-traditional jobs. This system will certainly reinforce the discrimination Mr. Lewis currently proudly practices.

We have been assured by Carin Clauss, the Solicitor at the Department of Labor that an assessment of the Employment Servics regulations will be made to determine where additional emphasis is needed and where appropriate

regulatory language will be inserted. However, we feel that neither women nor minorities can rely on this system for CETA placement.

CONCLUSION:

Women's Lobby supports the expansion of CETA to make it a broader, larger program that will truly employ the poorest of our society. We urge you to include our three major amendments: mandatory arbitration as enforcement, Displaced Homemakers, and preference for AFDC parents. We feel it is vital to have stronger legislative oversight of the U.S. Employment Service. We have included in our written statement a letter about the value of centers as employment tools for Displaced Homemakers from the Maryland Center for Displaced Homemakers.

Thank you for allowing us to testify before you today.

March 2, 1978

Senator Gaylord Nelson
Chairman, Subcommittee on Employment, Poverty,
and Migratory Labor
Committee on Human Resources
U.S. Senate
Washington, D.C. 20515

Dear Senator Nelson,

Displaced Homemakers had been identified by Baltimore New Directions for Women early in providing employment assistance to women. They were identified because unlike other target groups, including young women, career changers, solely economically disadvantaged women, and women returning to the work force, the Displaced Homemakers was far less prepared to profit from job search help. With job counseling, resume workshops, and self help resource assistance, the Displaced Homemaker did not find employment. Placement statistics bore out their concern.

Across the country, this "main-streaming" of Displaced Homemakers, whether in women's centers, in YWCA's, in employment agencies, or manpower centers, has not been successful. Displaced Homemakers need to work together. This can best be done only in a shelter.

Displaced Homemakers, at the Maryland Center have been very successful in becoming job ready and gaining employment. One out of every four who have come to the Center for services was employed within our first year. With financed assistance for training, 60% were employed. The essential ingredient for this success has been the center concept.

Why are centers for Displaced Homemakers important? Displaced Homemaker Centers, if only a separate office in a local service facility such as the Nebraska YWCA, or developed for their state program in a separate neighborhood row house, like ours at Baltimore New Directions for Women, called the Maryland Center for Displaced Homemakers, are important to the idea of providing services to this disadvantaged population. Centers do not mean either live-in shelters or new facilities built and devised for Displaced Homemakers. Essentially they mean "a room of one's own" for the displaced homemaker. This is the crucial concept.

Sincerely,

Cindy Marano
Director, Maryland Center

Senator RIEGLE. I might just say that yesterday, several of us in the Senate filed formally an amendment to CETA, title III, that relates directly to the issue of displaced homemakers, and we have a good, strong effort mounted. I am determined to see us take a count, as you suggested here. So your testimony is important to us.

Will you both be speaking, or one of you speaking?

Ms. ADAMS. I am Marilyn Adams, and this is Joyce Hartwell, and we represent the National Women's Political Caucus, a nonpartisan organization, and in our professional capacity, we operate a job-training program for women in nontraditional craft skills.

I would like to spend some time, since we are one of the few programs for women in this country, to give you an overview of some of the problems that women face in this area.

All women have been affected by sex role sterotyping in education and the traditions of society with regard to work roles, although this is changing for some young women. Unfortunately, the adult woman who must earn a living experiences limited opportunities because of institutional sexism that has existed in her early education and culture.

Women from infancy have been taught to stand back and not touch tools, building materials, machinery and electrical fixtures. She has been conditioned to believe that she could be injured or that she would not be good in a trade or craft skill.

There has existed a general assumption that the skilled trades were "not proper work for a girl" or much worse, that it is "unattractive for a female to be doing this type of work." The result is that most women have not been able to conceptualize work in a skilled craft because they don't have a frame of reference or because they have a general sense of uneasiness or irrational fear.

Hence, they may not respond to the obvious opportunities that the skilled trades can offer poor women for economic and social stability. Women respond positively when there is a training process sensitive to their reactions and lack of experience. A compensatory period of education is necessary to give them a chance to catch up with their brothers.

To accept the concept and definition of sexism as a phenomenon affecting our society one can look at some facts of history:

The American Indian woman was in charge of building, and did the building in her community;

The plumber in ancient Rome was often a woman. Many owned their own plumbing shops and much of the pipe unearthed from the ruins bares the stamp of their feminine names. The ancient Romans are given credit for first supply water in a truly grand manner, comparable to our modern cities;

They made their own pipe by rolling a lead sheet around a wooden cylinder and soldering a seam. They did so well that their ancient pipes, tested in modern times, have withstood pressure of 250-pounds-per-square inch;

A French nun was the first person to get a patent on a circular saw.

In fact, if most of what we have been taught about early civilization is true, and there was a division of labor, where men did the hunting and women stayed in one place, caring for the children and preparing

the food, it would be logical to assume that women did the building and invented some of the first building tools for their work.

The cost of supporting any dependent group has a negative economic effect nationally. By learning these skills women can care for and contribute to their environment with understanding and vision that will have far-reaching positive effects on our entire society economically, politically, and spiritually.

First, education in these areas means strength to participate actively in one's community;

Second, to be a contributor instead of a "helpless woman";

Third, to create for oneself instead of feeling deprived and underprivileged; and

Fourth, to take a job that means potential development and with time a decent wage.

All-Craft Foundation, Inc., evolved out of years of experience with the Lady Carpenter Institute, which was one of the first to offer these skilled trades to the homemaker for the woman in her home. Out of that experience evolved the All-Craft Foundation. We train women in carpentry, electrical and cabinetmaking. We are CETA program based in New York City. We are submitting some evidence of our work.

Senator CHAFEE. Can your graduates get jobs in the building trades industry?

Ms. HARTWELL. I would like to quote from a Daily News article that is included in your report, the welfare mother of four who was placed as a carpenter in the Metropolitan Opera House. We have placed women in this local, two as trainees; Leviton Corp. in local 3, there is a tool and die maker, carpenters, small shops all over the city, as well as the Brooklyn Naval Yard. And carpenters assistants.

Senator CHAFEE. It is certainly an intriguing brochure.

[The brochure referred to follows:]

Meet the "All-Craft Women"

Who Is She?

She has been trained intensively in the basics of Carpentry—Cabinet Making—Electrical Work & Plumbing enabling her to work effectively in her chosen trade and interchangeably with others.

She has learned to climb heights and lift weights properly. She is a preferable worker for any job situation.

Why A Woman?

Because women have been meticulous skilled craft workers with their hands since the beginning of time — this is obvious in the traditional work of sewing, housekeeping and cooking. It is the one quality that carries a craftsworker through to professionalism.

Women are now anxious to carry their abilities to and attain knowledge in the skilled trades, and as they continue to upgrade their value in the trades they will continue to be better than average workers.

Did You Know . . .

THAT in ancient civilizations because women stayed in one place with their children, that they were the builders and men were hunters. It has been said that women devised the first building tools.

THAT a French nun got the first patent on the circular saw.

THAT women in ancient Rome were the ones who designed and built the plumbing system for that city - an innovation in design and craft ability that still rivals the one in New York today.

THAT the next skilled worker you hire might be a woman.

What Is "All-Craft"

The All-Craft Foundation is a non-profit federally funded corporation which serves the needs of women who wish to enter the skilled craft trades.

Because these trades have been closed to them by tradition, the function of All-Craft is many sided, ranging from teaching crafts to helping the student find her identity in her newly chosen work. Through its center students are taught the basics in the crafts. The "All-Craft classroom" is equipped with every tool that a professional carpenter, plumber or electrician would use.

The All-Craft staff members are all experts in their fields.
The All-Craft objective is to train its students so well, that in time industry will use the term "All-Craft Woman" to describe a highly qualified worker in these skills.

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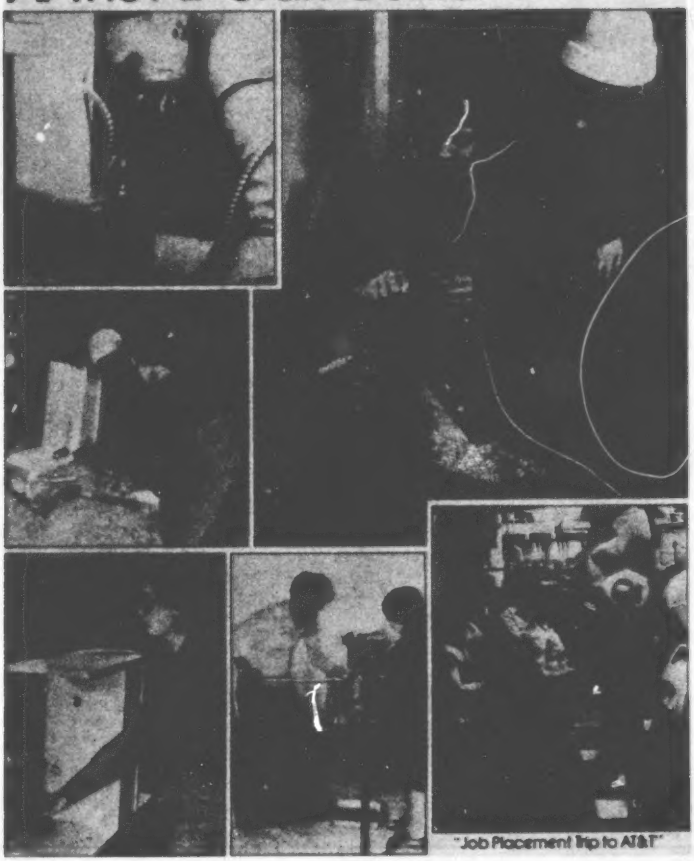
At The All-Craft Center



"Job Placement Trip to AT&T"

1547

Basic Training

Students at All-Craft begin with a basic training in all four categories of carpentry, cabinet making, plumbing and electrical skills. This "cross-over" approach to training helps to ground the student in basic construction principles which are essential to the specialization which she then chooses as her profession. This also enables her, in a tight job market, to function in many job situations, for example, as a building maintenance mechanic trainee where some knowledge of each skill is used.

Full time training is on a five-day-a-week basis for one month. Back-up training continues for as long as the student needs it to perfect her skills.

All-Craft Provides Back-Up

WHAT IS BACK-UP?

Think of All-Craft as it is, a community which supports the working woman when she enters the trade for which it has trained her. That support is back-up. Back-up is more than training. It is the cultural and emotional support that a woman needs when she chooses the skilled labor field as her profession.

Supportive training, for as long as she needs it, is part of back-up. That means she can attend night classes at All-Craft after she has been hired on a job. These evening sessions give her more confidence and a deeper connection to her trade. She can attend for as long as she wants this additional instruction. Further, to meet the needs of some businesses which use specialized machinery, additional training is given to an All-Craft student on the use of that equipment, even though that business itself trains its new people. This extra coaching helps to make the woman a top performer on the job.

Child-care, an important factor in the employment of women, is of special interest to the All-Craft Center which takes responsibility in setting up day care arrangements for the working mother.

On The Job

It's Your Move

If you want to know what All-Craft can do for you and your organization, call or write us for an appointment. We will arrange to see you at your convenience. Or, if you wish, simply call and talk to one of our staff about All-Craft, or about your present personnel problems in hiring women in non-traditional jobs.

(SEE BACK PAGE FOR EXPERIENCE & CREDIBILITY)

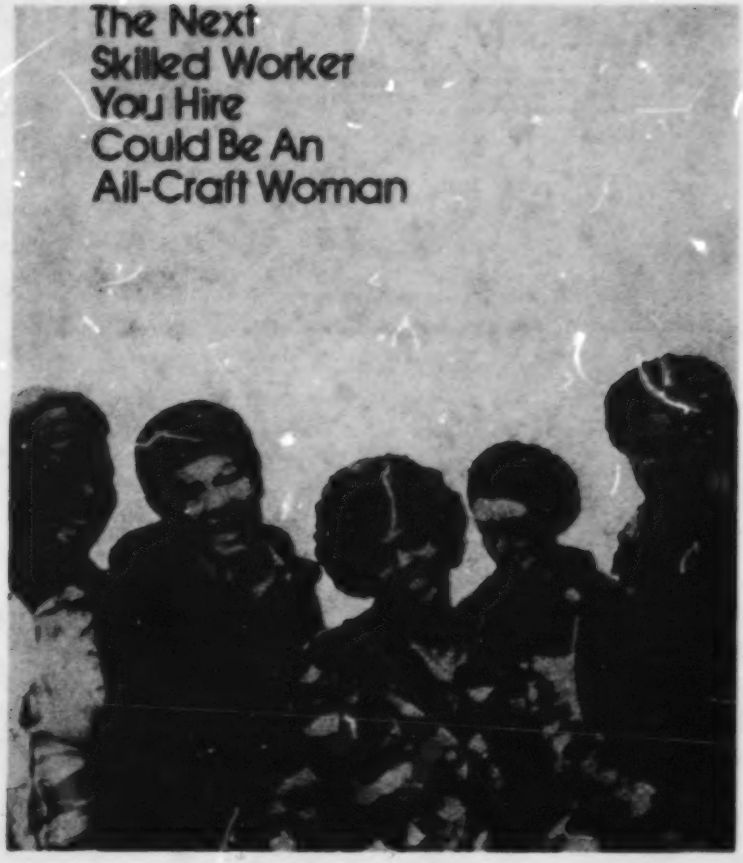
JOYCE HARTWELL
PROJECT DIRECTOR

MARILYN ADAMS
ASSIST. PROJECT DIRECTOR

Kitty Dick
JOB DEVELOPER

Holly Brownstein
JOB DEVELOPER

ALL-CRAFT FOUNDATION 19-23 St Mark's Place New York N.Y. 10003 212-260-3650 1-2-3



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List of trainee job possibilities utilizing the pre-professional and back-up training received by All-Craft Women

Airplane Woodworker
Appliance Serviceperson
Boatbuilder
Boilermaker
Bricklayer-Mason
Bricklayer-Mason-Plaster
Burglar Alarm Mechanic
Bus Electrician (or truck)
Business Machine Mechanic
Cabinetmaker
Carpenter
Casketmaker
Cement Finisher, Cement Mason
Color Mixer
Construction, plumbing, electrical
Draftsperson
Electric Appliance Servicer
Electric Elevator Service and Repairperson
Electrical – Linesperson
Electrician
Electrician – Marine
Electrician – Sign
Finisher – Drywall
Fire Alarm Mechanic
Floor Refinisher
Furniture Finisher
Furniture maker
Hand Wood Carver
Iron Worker (Ornamental)
Iron Worker (Structural)
Joiner
Lather
Linoleum & Resilient Tile Layer
Linoleum, Resilient Tile & Carpet Layer or Soft Tile & Carpet Layer
Locksmith
Machinist
Maintenance – Electrician
Maintenance – Industrial
Maintenance – Plumber
Meter Installer and Servicer
Millwright
Model Maker
Moldmaker
Mosaic Worker
Painter & Decorator
Papermanger
Patternmaker, Metal or Wood
Pipe Fitter
Pipe Fitter, (Maintenance)
Plasterer
Plumber
Plumber – Roughing
Plumber & Steamfitter
Refrigeration & Air Conditioning Mechanic
Roofer
Router Engraver
Sales – hardware, tools, lumber, furniture, home improvement materials
Sheetmetal Worker
Ship Carpenter
Shipwright
Sign Writer & Pictorial Painter
Sprinkler Fitter
Steamfitter
Stone Cutter (building trades)
Stone Setter (Mason)
Tile Setter
Tool & Die Maker
Tool & Jig Builder
Toolmaker
Upholsterer

NO FEE IS REQUIRED IN THE PLACEMENT OF PERSONNEL

ALL-CRAFT CENTER T.M.

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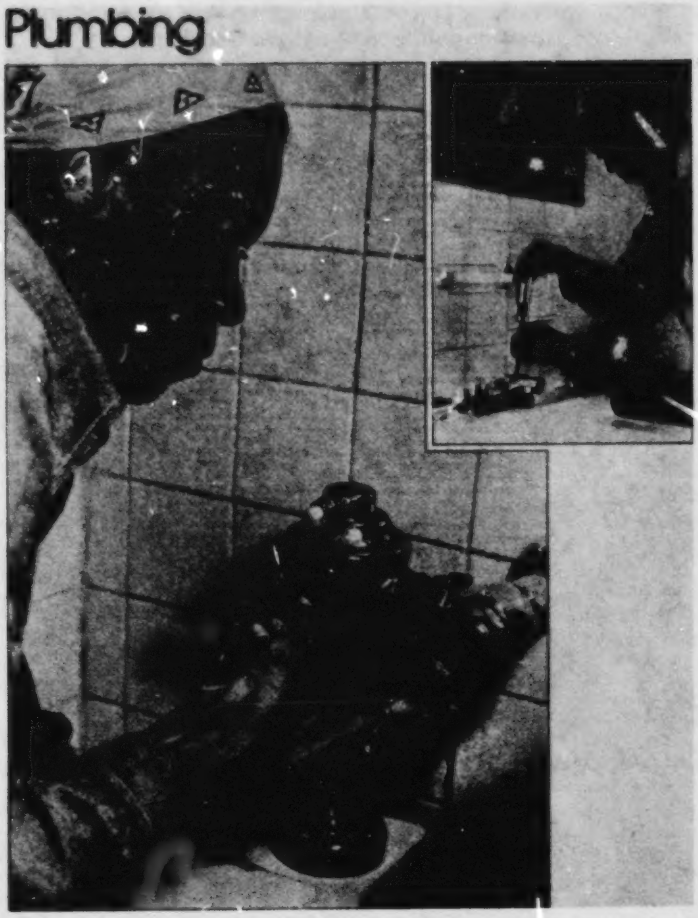
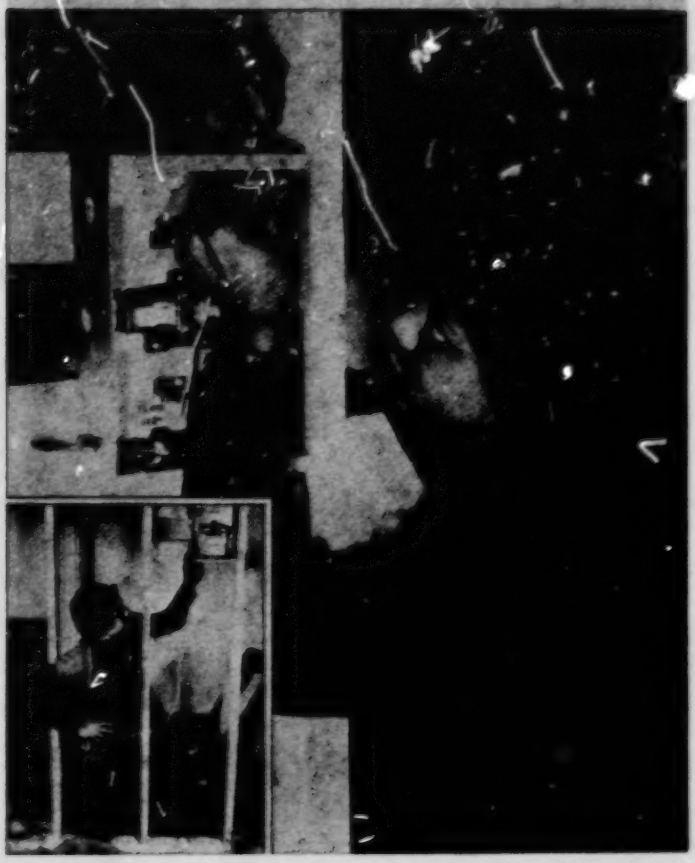
Plumbing



Cabinet-Making/Carpentry

Electrical Work



She Has Knowledge of
Hand & Power Tools

1557

Where It All Began:

OUR HISTORY, EXPERIENCE AND CREDIBILITY

The All-Craft Center evolved from a contracting and home improvement business known as Lady Carpenter Institute, Inc. Started in 1963, the Lady Carpenter employed women to work as carpenters, traditionally a man's profession. Lady Carpenter, now well known in the press and on television, as shown in Time magazine "Women of the Year" issue prospered despite the initial resistance to women in this trade.

Intense interest, by women, in learning woodworking for homemaking and possible future work opportunities prompted Lady Carpenter Inc. to open a school in 1972. The teaching included a working knowledge of power tools and building procedures. There are now over 600 graduates from all walks of life, including housewives, grandmothers, teenagers, professional women and a nun, many of whom are now working professionals in the field.

Lady Carpenter Institute still functions as a home improvement center and has become a college credit course. Again, an upgrading of interest on the part of women, and on the part of the Government, in women in skilled crafts, brought into existence the All-Craft Foundation, a non-profit corporation specifically developed for furthering the employment of women in the skilled blue collar trades, and which is the corporate sponsor of the job training and placement center.

ALL-CRAFT CENTER T.M.

ALL-CRAFT FOUNDATION 19-23 St. Mark's Place New York, N.Y. 10003 212-260-3650 1-2-3

Ms. ADAMS. That is part of our outreach to employers.

Ms. HARTWELL. If I could quickly sum up.

The following recommendations are developed based on our actual experience with our CETA program. The principles and concepts involved can be applied to any given CETA title where appropriate.

Suggested Federal guidelines:

One: Adult women as a group should be targeted for compensatory period of education and training where it has been omitted because of sexist educational systems or because of economic conditions;

Two: We suggest a particular emphasis on affirmative action goals for women on welfare where racism and sexism has resulted in years of inherited poverty. Prime sponsors will be required to find jobs in the public and private sectors for women who are the sole support of their families.

These families have no history of membership in the work force and union membership on a regular basis and, therefore, limited, if any, access to a trade.

In our experience, there has been an expressed need that we think should be also recognized for women who have low paying, dead-end jobs. These women must be given the opportunity to upgrade their skills.

Many women are unemployed because the available careers were based on sex stereotypes that are reflected on every level of education. Women, whose education has been based on such sex role stereotypical college courses as English, teaching, art, and home economics, have an inordinately high unemployment rate. Many of this last group were put through college by poor working class parents who indentured themselves financially to provide a liberal arts education that has not led to dreamed-of employment security for their daughters.

Three. A specific amount of funds to be set aside for and used by prime sponsors who are addressing the need for training women in the skilled trades and related work areas. The money would not be available to the local area unless it was used for this purpose. Local CETA agencies should be encouraged through the use of incentives to expand in these areas with their program designs.

Four: Special centers should be established for training women in the skilled trades. All women are beginners in these areas. Women from different racial, ethnic and educational backgrounds can contribute to each other's growth by sharing in a new process of learning that cuts costs.

We have found the young and older, those on welfare, the displaced homemaker, the educated and uneducated all share experiences, ideas, and knowledge about living and help each other with solving problems.

Please note that a special center for basic skilled training for women should in no way be construed as a separate apprenticeship program for women as a substitute for a job site training program. After an initial period of compensatory education, no more than two months' classroom training, women should continue to train and work along with men in apprenticeship programs and entry-level jobs in the crafts as skilled people.

Five: Administrators of these programs should be women who are knowledgeable and sensitive to women's problems, particularly in these fields. This would insure that male instructors would be sen-

sitized to the needs of women who need assistance in areas that men take for granted.

Six: Women from CETA programs, who represent the otherwise unrepresented, should be members of Federal and State apprenticeship councils and the prime sponsors should be encouraged to seat them on manpower planning councils. These same program administrators should be represented in the membership on the National Commission for Employment and Training Policy.

Seven: These programs should be administered by organizations that are specially formed for this purpose, separate from a union and management program. Union and management should be required to be members of the program's board of advisers. If the programs were controlled by either unions or management, nepotism could result and many women would therefore be excluded.

Eight: We have found in the on-the-job training funds as incentives to businesses as important in order to employ women but only after women have had classroom training experience for entry-level jobs, because of complete lack of experience and in early education.

Nine: Part of the program design should include backup training for individual job needs of the trainee and/or company. This is in accord with the emphasis on the upgrading of skills.

Ten: Funds for day care facilities must be available in the program's design.

We thank you, Mr. Chairman, and the members of the committee, for the opportunity to appear before you.

Senator JAVITS. We thank you, Ms. Hartwell, and we thank your associate, Ms. Adams, for appearing before us, and we will take what you say very, very seriously.

I have just one question, because we have to terminate the hearing.

Have you had any experience with the unions and have you had any problems in getting your members in this unit that—where you train people, qualified so that they can get jobs, because of union affiliation or lack of it?

Ms. HARTWELL. Well, you know, the overall problem, particularly in our beloved city, is a lack of employment for the construction industry, period; with projects that are now in the works, hopefully that might work. There is great interest on the unions' part in including women, but of course, there is unemployment for everybody.

Senator JAVITS. I understand.

Senator CHAFEE. I have no questions.

I think what has particularly impressed me is the statistics that you have assembled here on the status of women and how they really are losing out in advances that we are trying to make; and it has been very effective testimony.

Ms. HARTWELL. We also have references of where we have placed women.

Senator JAVITS. Would you give us an assemblage of those for the record?

Ms. HARTWELL. Surely.

Senator JAVITS. Within 5 days?

Ms. HARTWELL. Surely.

Senator JAVITS. Without objection, they will be included.

[The joint prepared statement of Ms. Adams and Ms. Hartwell and material referred to follows:]

nwpc
National Women's Political Caucus
1411 K Street, N.W., Washington, D.C. 20005 (202) 347-4456

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STATEMENT OF THE NATIONAL WOMEN'S POLITICAL CAUCUS

BY

MS. MARILYN ADAMS AND MS. JOYCE HARTWELL

BEFORE THE

SENATE SUBCOMMITTEE

ON

EMPLOYMENT, POVERTY AND MIGRATORY LABOR

Mr. Chairman, Members of this distinguished Committee, I am Marilyn Adams on the Administrative Committee and Ms. Joyce Hartwell a member of the Labor Caucus of the National Women's Political Caucus (NWPC), a nonpartisan organization. The National Women's Political Caucus has 300 state and local affiliates across the country, representing 35,000 members and supporters. Our purpose is not only to press for increased numbers of elected and appointed women in all branches of government, but also to promote public policies that promise full equality for women.

We are also testifying in our professional capacity as Ms. Joyce Hartwell, Executive Director and Ms. Marilyn Adams, Deputy Director of All-Craft Foundation, Inc.

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Joyce Burkhalt (212) 260-3650
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[boilerplate boards and officers]

THE SKILLED TRADES AND RELATED AREAS: NON-TRADITIONAL WORK FOR WOMEN

AN OVERVIEW

All women have been affected by sex role stereotyping in education and the traditions of society with regard to work roles, although this is changing for some young women. Unfortunately the adult woman who must earn a living experiences limited opportunities because of institutionalized sexism that has existed in her early education and culture.

Women from infancy have been taught to stand back and not touch tools, building materials, machinery and electrical fixtures. She has been conditioned to believe that she could be injured or that she would not be good in a trade or craft skill. There has existed a general assumption that the skilled trades were "not proper work for a girl" or much worse that it is "unattractive for a female to be doing this type of work". The result is that most women have not been able to conceptualize work in a skilled craft because they don't have a frame of reference or because they have a general sense of uneasiness or irrational fear. Hence, they may not respond to the obvious opportunities that the skilled trades can offer poor women for economic and social stability. Women respond positively when there is a training process sensitive to their reactions and lack of experience. A compensatory period of education is necessary to give them a chance to catch up with their brothers.

Generally men automatically acquire a sense of confidence, identity and knowledge in these areas by standard cultural and educational procedures such as scaled down models of tools as toys for male babies, games, songs and stories depicting men in work roles such as Paul Bunyan, John Henry. Shop courses for boys and participation in activities with adult males in the family and community enhance this process.

To accept the concept and definition of sexism as a phenomenon affecting our society one can look at some facts of history.

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— The American Indian woman was in charge of building, and did the building in her community.

— The plumber in ancient Rome was often a woman. Many owned their own plumbing shops and much of the pipe unearthed from the ruins bares the stamp of their feminine names. The ancient Romans are given credit for first supplying water in a truly grand manner, comparable to our modern cities. They made their own pipe by rolling a lead sheet around a wooden cylinder and soldering a seam. They did so well that their ancient pipes, tested in modern times, have withstood pressure of 250 pounds per square inch.

— A French Nun was the first person to get a patent on a circular saw.

In fact, if most of what we have been taught about early civilization is true, and there was a division of labor, where men did the hunting and women stayed in one place, caring for the children and preparing the food, it would be logical to assume that women did the building and invented some of the first building tools for their work.

The cost of supporting any dependent group has a negative economic effect nationally. By learning these skills women can care for and contribute to their environment with understanding and vision that will have far reaching positive effects on our entire society economically, politically and spiritually.

1. Education in these areas means strength to participate actively in one's community.
2. To be a contributor instead of a "helpless woman".
3. To create for one's self instead of feeling deprived and underprivileged.
4. To take a job that means potential development and with time a decent wage.

If the effects of inner city and rural poverty are to change, the mother, as the primary teacher of her children, must be able to change her own life in order to affect theirs. Any youth program will be limited in its achievements unless the mother also has opportunities in work and education that mean economic and family stability.

We find that women with families who are poor live in housing that is often poorly maintained, without heat and hot water. These newly acquired skills can also help them with housing maintenance problems so that rehabilitated or new housing in the South Bronx and inner cities do not become uninhabitable once again.

CETA Programs are the one vehicle where women who have experienced sexism, racism, and generations of poverty can find a way to a better life. As an example we submit a newspaper article from the New York Daily News by Sidney Fields, ONLY HUMAN: One Way Out Of The Welfare Trap.

ONLY HUMAN

SIDNEY FIELDS

One Way Out of the Welfare Trap

DAILY NEWS, THURSDAY, FEBRUARY 8, 1973

AFTER 12 YEARS on welfare, Maxine Wilkes, a single parent with four children, got her first job, at the Met opera house. She helps move the sets and may soon get a chance to use her carpentry. Maxine is also a pretty good cabinet maker and plumber. She can do some electrical work too.

"Anything is better than welfare," she says. "Twelve years and I hated every day of it. So does every welfare mother I know. Don't you believe anything different."

Maxine got her job 11 days ago. Early every morning she's in the shape-up pool backstage at the Met with six men and another woman, Betty Busey. If she's picked she earns $45 for the day. If not, she's back to shape-up the next morning.

"Last week, I worked three days and got in a little overtime," Maxine boasts. "Some of those sets and beams weigh 200 pounds. It takes four people to lift one. It's hard physical labor, but it's a good job. I hope it will be steady. I've already put in for a job in the carpentry shop."

Maxine, her three daughters and her son, from 9 to 14 years of age, are all native New Yorkers. Home is a four-room flat on the lower East Side. Her son sleeps on the living room couch. He's the oldest.

Beating the freeze

"All I want," says Maxine, "is to feed and clothe them and give them some pocket money, which they never had, and pay Con Ed. That's my big problem. I got a shut-off notice this morning, but I told them I'd pay part of the bill tomorrow when I get paid. Then they said they wouldn't shut me off. The landlord doesn't heat the house. We freeze. So we put on the oven and a little electric heater. Which doesn't help at all when any of us are in the bathroom."

Maxine says she was 3 when her mother died giving birth to her third child. Her father was a laborer who did the best he could, which couldn't be much. Maxine always wanted her children with her, not in foster care or any other place. When they were all in school and she to look after themselves, she went job hunting.

"But without any education or any skill, all I could get was $2.50 an hour four hours a day."

Until a friend told her about the All-Craft Foundation, which trains women as carpenters, plumbers and electricians. It was started by Joyce Hartwell and last year received $500,000 from the Comprehensive Employment Training Act; this year, $600,000. There's a day care center for the women who have children. The man who runs it is paid $120 a week. It comes from Hartwell's salary, which is $[illegible] a year. All-craft is at 25 St. Marks Pl.

Hartwell says that last year 132 women were trained and 110 were placed in jobs: some in construction at the Brooklyn Navy Yard; others repairing copy machines at IBM; two are in the trainee program of Local 2 Plumbers Union; a few are carpenters and machinists for the Laviton Corp., and others work as electricians, carpenters, cabinet makers and plumbers in small shops. Hartwell says another 132 women will be trained this year.

Maxine Wilkes
It's not a sometimes humiliation

Six months ago she set up Mothers and Daughters Construction Co., a profit sharing unit, in which the women are paid $92 a week during eight weeks of training and then earn $4.25 an hour for another two months of work experience. Maxine was one of the Mothers and Daughters.

On the job training

"The work experience is also doing small jobs for the elderly and the handicapped." She also did carpentry and brick laying on a house that was being rehabilitated. On another house she did the plumbing repairs and hooked up a few sinks. And she worked on a new high-rise building in Union City, N.J., as a plasterer and an electrician.

"I want every woman who needs it, black or white, to know they can get those skills," Maxine says. "We may still stay poor, but we're better off working. We can escape welfare."

What she would like to forget is the $150 every two weeks from welfare, less $61.50 for food stamps, and bringing in the letters to prove that her children are still in school, and listening to the stony faced man sitting at a desk telling her that he can't do a thing about the fact that she's out of food stamps.

It's not a sometimes humiliation that heals after a while. It's humiliation day after day.

She isn't entirely off welfare yet. When she gets her pay from the Met she has to send the stubs to welfare, and they will figure out a new budget for her.

"They don't give you much of a chance to get on your feet."

FOUNDATION

(212) 260-3650

All-Craft Foundation, Inc. evolved out of years of experience with the Lady Carpenter Institute. The Lady Carpenter Institute was the first training program in the country started on a private basis to meet the needs of women in learning non-traditional craft skills for use in the home.

As early as 1963, Lady Carpenter started teaching craft skills to the poor children of the Lower East Side. Since 1971, Lady Carpenter has trained and graduated over six hundred women from diversified backgrounds and became a college credit course at the New School for Social Research in New York City. All-Craft Foundation's program is based on the documented experience of these women. In many cases, women were attracted by the role model of Lady Carpenter Institute Inc.; women teaching and working as shown on television and news shows, in newspaper articles and books.

All-Craft, a non-profit corporation was formed around the concern that poor women have an equal opportunity to participate in new job opportunities for women.

All-Craft Foundation, Inc., as the first comprehensive training and job placement program for women in the skilled trades for women funded under CETA, has demonstrated sucessfully both in the number of women trained and in job placements what can be done to reverse the process of inherited poverty for women and their families. The daytime job training and placement program is for poor women of all racial and ethnic backgrounds who have not had a chance to gain any kind of recognized formal education, or learn marketable skills with which to earn a decent living. These women very often have great natural aptitude and ability from life experience. These women, when employed, support themselves and make a major contribution to the support of their families. These women need the economic assistance, tuition, and/or stipends, as well as the counselling services and day care, that CETA provides.

ALL-CRAFT FOUNDATION INC. - 19-23 SAINT MARKS PLACE - NEW YORK, N.Y. 10003

nwpc

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Jane Pierson Mitchell

PREFACE

The following recommendations are developed based on our actual experience with our CETA program. The principles and concepts involved can be applied to any given CETA title where appropriate.

SUGGESTED FEDERAL GUIDELINES

1. Adult women as a group should be targeted for compensatory periods of education and training where it has been omited because of sexist educational systems or because of economic conditions.
2. We suggest a particular emphasis on affirmative action goals for women on welfare where racism and sexism has resulted in years of inherited poverty. Prime sponsors will be required to find jobs in the public and private sectors for women who are the sole support of their families. These families have no history of membership in the work force and union membership on a regular basis, and therefore, limited if any access to a trade. In our experience there has been an expressed need that we think should be also be recognized of women who have low paying dead-end jobs. These women must be given the opportunity to upgrade their skills. Many women are unemployed because the available careers were based on sex sterotypes that are reflected on every level of education. Women, whose education has been based on such sex role stereotypical college courses as English, Teaching, Art and Home Economics have an inordinately high unemployment rate. Many of this last group were put through college by poor working class parents who indentured themselves financially to provide a liberal arts education that has not led to dreamed of employment security for their daughters.

Joyce Hartwell (212) 260-3650
Marilyn Adams (212) 260-3650

A specific amount of funds to be set aside for and used by Prime Sponsors who are addressing the need for training women in the skilled trades and related work areas. The money would not be available to the local area unless it was used for this purpose. Local CETA agencies should be encouraged through the use of incentives to expand in these areas with their program designs.

4. Special centers should be established for training women in the skilled trades. All women are beginners in these areas. Women from different racial, ethnic and educational backgrounds can contribute to each others growth by sharing in a new process of learning that cuts costs. We have found the young and older, those on welfare, the displaced homemaker, the educated and uneducated all share experiences, ideas, and knowledge about living and help each other with solving problems. Please note that a special center for basic skilled training for women should in no way be construed as a separate apprenticeship program for women as a substitute for a job site training program. After an initial period of compensatory education (no more than 2 months classroom training), women should continue to train and work along with men in apprenticeship programs and entry-level jobs in the crafts as skilled people.
5. Administrators of these programs should be women who are knowledgeable and sensitive to women's problems particularly in these fields. This would insure that male instructors would be sensitized to the needs of women who need assistance in areas that men take for granted.
6. Women from CETA programs, who represent the otherwise unrepresented, should be members of federal and state apprenticeship councils and the Prime Sponsors should be encouraged to seat them on Manpower Planning Councils. These same program administrators should be represented in the membership on the National Commission for Employment and Training Policy.

Joyce Hartwell (212) 260-3650
Marilyn Adams (212) 260-3650

7. These programs should be administered by organizations that are specially formed for this purpose, separate from a union and management programs. Union and management should be required to be members of the program's Board of Advisors. If the programs were controlled by either unions or management, nepotism could result and many women would therefore be excluded.
8. We have found that on-the-job training funds as incentives to businesses is important in order to employ women but only after women have had classroom training experience for entry level jobs, because of complete lack of experience and in early education.
9. Part of the program design should include back-up training for individual job needs of the trainee and/or company. This is in accord with the emphasis on the upgrading of skills.
10. Funds for Day Care facilities must be available in the program's design.

We thank you Mr. Chairman and the Members of the Committee for the opportunity to appear before you. We will be glad to answer any questions you or the Committee Members may wish to ask us.

March 20, 1978

To Whom This May Concern;

I own a small candy store in Staten Island. I have just moved to a new location in order to expand and serve my customers better. In making this move I felt a need for a good team of carpenters. For I wanted a partition and counters built, doors hung, a door way made among other things.

I contacted several carpenters and were pleased with none of the responses until I spoke with someone at the All-Craft Center. I haven't stopped being pleased yet and the job is almost over!

No one can believe the work these four women have done. Even my brother-in-law who has done electrical and carpentry twenty years for the State of New York is impressed. Everything is done as I ordered.

These women have no fear of work or challenge. I see them as professionals in every way. Maybe even more so because

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THEY ARE VERY NEAT AND CLEAN ALONG WITH THE TREMENDOUS JOB THEY DO. WHEN EVER I NEED CARPENTERS I'LL SURELY CALL ON THEM.

Sincerely,

Gail D. Mack

#212 273-3028
185 PARK HILL AVE.
STATEN ISLAND N.Y.

FOUNDATION (212) 260-3650

OVER 800 PEOPLE HAVE BEEN TEMPORARILY LAID OFF AT THE BROOKLYN NAVY YARD BY SEATRAIN SHIPBUILDING CORP. UNFORTUNATELY FIVE OF THE WOMEN TRAINED BY US ARE AMONG THEM. THE INCLUDED LETTER IS AN EXAMPLE OF THE LETTERS THEY RECEIVED FROM THE COMPANY.

ALL-CRAFT FOUNDATION INC. - 19-23 SAINT MARKS PLACE - NEW YORK, N.Y. 10003

Seatrain Shipbuilding Corp.

Brooklyn Navy Yard
Building 292
Brooklyn, N.Y. 11205

(212) 596-1515
Domestic Telex: 12-7302 SEATRNSHP NYK
Foreign Telex: 12-7302 SEATRNSHP NYK

March 21, 1978

To Whom It May Concern:

This is to certify that Ms. Emma Martinez was employed by Seatrain Shipbuilding Corporation from November 22, 1977 to March 17, 1978 as a Laborer.

While employed Ms. Emma Martinez applied herself to her work in a responsible manner. She worked well with others as well as being punctual in her attendance.

I hope this information will be of some assistance to you.

Respectfully yours,

H. Mirca
Supervisor Labor Department

/eg

LEVITON

March 17, 1978

To Whom It May Concern:

The LEVITON MANUFACTURING COMPANY INC. has maintained a relationship with All Craft Foundation Inc. for approximately one (1) year.

During this period of time they have referred respective employees out of which two (2) have been hired. One women is employed as a Carpenter and the other is a Tool & Die Maker Trainee. They are both considered by their Supervisors' "Above Average Employees". They are quite knowledgeable in their skills and are highly motivated.

It would appear that All Craft has established an excellent Training Program and is one of the few agencies that we deal with that does extensive follow-ups on the applicants they place.

It is gratifying to find qualified females in what has been "historically male" oriented jobs.

Very truly yours,

LEVITON MANUFACTURING CO. INC.

Ronald J. McGowan

Ronald J.McGowan
PERSONNEL MANAGER

RJM:fk

LEVITON MANUFACTURING COMPANY, INCORPORATED • MANUFACTURER OF WIRING DEVICES AND CORD SETS
236 GREENPOINT AVE. BROOKLYN, N.Y. 11222 • PHONE 212-383-4500 • CABLE LEVITONLEC • TWX 710-584-2362

MICHAEL CAINES
Cabinet & Architectural Woodworking
3425 Kingsbridge Avenue
Bronx, N. Y. 10463

March 21,1978

To Whom it May Concern;

My name is Michael Caines and I am a Cabinet-maker by profession. While I was working at the Construction Company I met Susan Greenfield(an All-Craft graduate) who was beginning her apprenticeship. I supervised her work and was impressed by her interest and skill. After several months the Construction Company folded and I started my own business. I have subsequently hired Susan as an assistant woodworker.

All-Craft Foundation has helped Susan direct herself as a Cabinetmaker in a way that would have been difficult if she hadn't had that support.

Sincerely,

Senator JAVITS. We have now completed our witness schedule, and the subcommittee will stand adjourned, subject to the call of the Chair.

[Whereupon, at 12:08 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]